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1940

# BUSINESS WEEK

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SEP 23 1940



"This is a time for every one to stand together and hold firm".

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# 50,000,000 Frenchmen can be wrong ...AND WERE!

**T**hey thought they could eat their cake and have it, too—thought they could be safe from invasion and yet take life easy. Workmen wanted short hours, business wanted easy taxes, youth wanted play.

Then the Germans came—came in the planes and tanks, with the guns and bombs that Frenchmen hadn't worked hard enough to produce. And now Frenchmen seem headed for serfdom—toiling long hours at starvation wages—because they forgot that the price of liberty is *hard work*.

America *must not* make that same tragic mistake. And it will not, if American industry and labor can prevent it—as they can.

At Warner & Swasey, for example, our men are working in three shifts 24 hours a day to supply the government and industry with the turret lathes without which America cannot rearm. Many of our workmen have sons who would be called in selective service. The more turret lathes these fathers turn out, the more airplanes, tanks and guns the government can make—to better arm and protect their sons and their country if need comes.

**WARNER  
&  
SWASEY**  
Turret Lathes  
*Cleveland*

YOU CAN TURN IT BETTER, FASTER, FOR  
LESS . . . . WITH A WARNER & SWASEY

For most of our 60 years our workmen and Warner & Swasey have grown up together making turret lathes which turn out the products of peace—parts for baby carriages, radios, washing machines, automobiles. We asked nothing more of life than the chance to continue such work.

But suddenly our country is in a dangerous emergency. You can't make the engines of defense without turret lathes.

The government demands them from industry—and industry says it can deliver only if we supply turret lathes.

Our normal production is ample for all peace-time needs. Yet we would be failing our country if we sat back and conserved our resources now. Therefore, Warner & Swasey has built two additions to its plant, to supply the government with the turret lathes needed to make America secure.

This is an emergency, and we are proud to submerge ourselves for the safety of the nation to which we belong.



# How to spot an enemy you can't see



**NEW "EARS"  
FOR U. S. ARMY**

A new-type sound detector, used to locate approaching planes, shown during recent Army maneuvers at Camp Beauregard, La.

**W**ITH the strange-looking contraption pictured here, you can locate an enemy plane miles away.

Good thing, too. For if you had to wait until you could see the plane with the naked eye, you'd be too late.

There are two or three "detectors" in this week's Post. Jules Romain, Europe's first man of letters, was really Daladier's go-between with Leopold of the Belgians. Now for the first time, their secret conversations are revealed.

Through the pages of the Post, M. Romain hopes "to give the people of the largest democracy now intact a chance to see how peace and liberty were lost in Europe."

Another detector in this week's issue is

William McFee. Perhaps you didn't know how thoroughly America's Merchant Marine was smeared with Communism. He takes you up the Hudson to the hideout of our "Red Annapolis" and lets you listen to seamen being taught the science of strangling American shipping.

Week after week, the Post calls upon experts who know *most* about a situation to describe it so Americans can form their own judgment as to what will happen next.

This autumn of 1940 when it is important for Americans to keep "an eye to the future and an ear to the ground"... it is significant that more people are turning to The Saturday Evening Post than ever before in its entire publishing history.

★ THE SATURDAY EVENING **POST** ... America between two covers

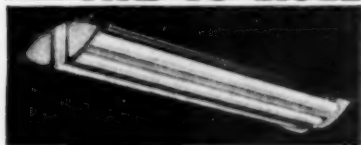


**Increase Efficiency—  
Stimulate Sales with**

**ARCTIC  
DAYLIGHT**

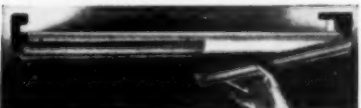
ARCTIC DAYLIGHT: The cool, brilliant, non-glaring, shadowless light produced with these amazing new fluorescent fixtures.

**Guth**  
**FLU-O-FLECTORS**  
**and TRU-CO-LITES**



**Fluorescent Lighting  
at Peak Efficiency  
For Stores, Factories,  
Offices, Etc.**

GUTH FLU-O-FLECTOR and TRU-CO-LITE fixtures, scientifically designed and enhanced by the famous ALZAK Process, give you much more illumination—much better illumination of a daylight quality. Stores, factories, and offices everywhere are using GUTH FLU-O-FLECTORS and TRU-CO-LITES to help speed work and boost sales. Your business, too, needs this modern, efficient equipment!



**"P-F-C's" Plastic Diffusers**  
For maximum satisfaction with any make of Fluorescent Lamps, use the new GUTH "P-F-C's." These Plastic Diffusers snap on and off the lamp easily—reduce the glare of the bare lamp—give a soft, pleasing illumination that's extra easy on the eyes. Available in 5 colors, "P-F-C's" are decorative as well as practical.

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Full Particulars**

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2615 Washington Blvd.  
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Leaders in Lighting Since 1902

**Guth**

## NEW BUSINESS

### Everybody Ready?

FROM OCT. 21 TO NOV. 15 there's going to be a nationwide Canned Pea Carnival.

### Premiums

AT THE SIXTH ANNUAL Atlantic Coast Premium Buyers' Exposition at the Hotel Astor in New York City last week you'd have known it was true what they say about the trend in premiums being toward patriotic items when you saw one whole exhibit devoted to a display of red-, white- and blue-bristled sink brushes.

### Claim to Fame

RENO IS THE BIGGEST LITTLE CITY in the world, Philadelphia has its brotherly love, Chicago's got wind, Milwaukee was made famous by Schlitz beer, etc., but here's Hector, Minn., elbowing into this select company to lay claim to being "the most air-minded city in the U.S." Hector has even turned out special metal signs advertising its air-mindedness, for residents to tack onto their license plates. Hector's claim looks like a pretty tough one to dispute too, incidentally. The city, which is 85 miles west of Minneapolis, has a population of 1,044. Forty per cent of all the males in town, between the ages of 18 and 40, fly either as pilots or students. 45 do solo flying, and 100 more are being instructed.

Things are humming so now that Hector is going to have to enlarge its airport. And one of the latest developments in Hector's air history is that the entire personnel of the City Council has now taken up flying.

### Business as Usual

THERE CAN BE NO BETTER EXAMPLE of how British business is seeing it through than the action of the directors of the Decca Record Co., Ltd., who met in an air-raid shelter in London the other day, and declared an initial dividend of 25% on ordinary shares.

### Be Prepared

COMING AS IT DOES smack in the thick of the defense program, and in the midst of the plans for a two-ocean navy, it is enough to give the man in the street the shakes, to hear that the Navy Department has just placed an order for 5,000 silver-plated finger bowls.

### New to Us

EVERY COUPLE OF WEEKS somebody else comes along with a new solution to women's stocking problems. Last week it was the American Cosmeticians' National Association, which was holding its annual convention in Chicago. Their solution is

a cream which is applied to the legs and goes by the unsavory name of "Skinthetic." When it dries it looks just like



silk stockings—and provides this department with a practically unparalleled opportunity to run a little leg art.

### New Too

THE TELEGRAPH COMPANIES are pretty nearly always hatching something new. Now it's the illustrated telegram. They've had this under development for a couple of years, but now it really looks as though it might get somewhere. Its chief value is to the man who has something to sell. He wants to tell his prospective buyers about it by telegram. But he knows they'll all get a better idea of the product if they can see what it actually looks like. So he gets a cut made. Postal Telegraph or Western Union sends a batch of telegram blanks over to his printer (because this is all on him—not the telegraph company). The picture is printed on the blanks and then the telegraph company puts the message on and sends them out by messenger—not yet by wire.

The illustrated telegram is being taken up a good deal by the automobile industry—and to some extent by the furniture industry, the railroads, and real estate men. Some business men run their own pictures on their telegrams. However, if you're considering sending a four-color job of your phiz to the little lady you met the night you were showing the Kalamazoo manager the town, you might better forget it for a while. The illustrated telegram still comes high—unless, of course, you've got a large market.



## WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau)—Insiders who ought to know are becoming increasingly critical of the defense program. They (and the "they" includes persons in official position) say the National Defense Advisory Commission isn't looking far enough ahead. Evidence of shortsightedness, these critics contend, is to be found in use of such words as "rationing" and "priorities."

Specifically, the charge is that there is too little thinking in terms of the country's whole economy—civilian as well as military. According to the viewers-with-alarm, there is danger of an uncontrollable price inflation in consequence of a rising consumer income level and a diminishing supply of consumer goods normally produced by defense industries.

### Critics Point to Steel

TAKE STEEL, for example. Officials who deplore a scrimping attitude on the part of the Defense Commission predict that, with the steel industry now operating at 92½% of ingot capacity, there is sure to be a shortage in pressed steel products next summer. Pointing to an expected increase of 6,000,000 in employment by February, 1942, and to the boost that this will give the country's purchasing power, defense critics within the Administration say there is need for immediate thought on how to increase the steel industry's capacity.

By its very nature, this line of reasoning touches most closely the Industrial Materials Division, headed by Edward R. Stettinius, Jr., and is most frequently heard from those close to the functioning of that segment of the Defense Commission.

### Locomotives vs. Munitions

ANOTHER FIELD in which shortsightedness is alleged is transportation. The railroads say they are ready to carry any load, and figure they will need only 300 new locomotives in the next two years. Therefore, it is reliably reported, the locomotive-makers are going to get munitions orders. To the critics' way of thinking, this means that the builders of locomotives will be tied up with something else when the railroads are confronted by the need for more equipment.

Defense Commission officials, who have already walked through several barrages of criticism for not producing a full complement of armaments overnight, deny that these latest fears are justified.

### Due Regard for Morale

THE DEFENSE PEOPLE point to the underlying principle of "due regard to the necessity of protecting civilian needs and morale," which governs the letting of all defense contracts. Bottlenecks and short-

ages exist only on the short term, they claim, and don't exist at all over a two-year period. As regards the steel industry, they say that the only problem of supplying all requirements is confined to armor plate.

So—if the critics are right, the nation's economy will be out of joint in two years; if the commission is right, it isn't so.

### To Tax or to Borrow?

AGAINST THIS BACKGROUND, several New Deal economists who advocate the government spend-lend route to prosperity went into a huddle this week with several bankers and industrialists. The government men advocated financing of the defense program by borrowing the vast savings-reserve of the people, rather than

by taxing income which, they argue, would react against consumer purchasing and pull down living standards. Full production will be essential, of course, to supply defense requirements and a high level of consumption.

The business men were assured that no further government controls would be needed if production expanded smoothly. Their reaction apparently was favorable, at least far more favorable than might be expected if they did not face the prospect of another tax bill next spring.

### Treasury Will Ponder

THE TREASURY DEPARTMENT plans to start studies the first of the year looking to a 1941 revenue measure. It will not be proposed to Congress until after March returns under this year's laws have been filed and partially analyzed.

Another tax measure appears certain regardless of the elections, but election results probably will influence greatly certain features of the 1941 bill. Several Republican senators apparently are impressed deeply by a suggested new base for calculating excess profits. This is a system of measuring excess profits by the ratio of payrolls for social security tax purposes to profits.

### Incentive to Raise Wages

UNDER THIS PLAN, total profits for 1936-39 would be measured against total payrolls for these four years, and the ratio would be applied to current payrolls, all profits within the ratio being considered normal and all above being assessed as excess. This system would be an incentive to add employees, raise wages.

Treasury officials now in office plan to finance excess expenditures over receipts by borrowing through the 1942 fiscal year, but next spring will come a request for \$10,000,000,000 increase in the national-debt limit—now \$49,000,000,000 by reason of the \$4,000,000,000 increase voted in June.

### Protection for Draftees

MEN DRAFTED into the armed services are to be well-protected in their civil rights and, in addition, will receive all the privileges and benefits of regulars. Their old-age and unemployment compensation benefits under the Social Security Act will be preserved by crediting to their accounts the same sums paid as taxes while in private employment (on the basis of the average tax for the three months preceding entrance into service).

President Roosevelt asked consideration of this protection, but Sen. Vandenberg previously had introduced an amendment to the same effect incorporated in the excess-profits tax bill. Should this disappear in the final form

### Realist



As Acting Speaker of the House last week, Sam Rayburn was in the focus of public attention when he signed the conscription bill. This week, the cameras were trained on him again when he replaced the late William B. Bankhead as Speaker. Rayburn will string along with the Administration because he's a practical politician—another word for realist. He was for Garner, but kept his feet on the ground. Last spring when the Garner boom in Texas took on aspects of an anti-Roosevelt fight, he was instrumental in effecting a compromise by which it was understood that Texas delegates would vote for Garner, but that Garner's campaign would not be pushed in the state as an anti-Roosevelt drive.

## A way to TAKE THE LOG JAM out of DEFENSE PRODUCTION



By placing orders for parts, tools, machines in Massachusetts, you can get more rapidly into mass production on defense orders. And you can rest assured that the work done in Massachusetts will be turned out speedily, with precision.

A leading state in nearly all kinds of metal work, Massachusetts particularly excels in machinery, instruments, fine tools, etc. Skilled craftsmanship abounds, bred in workmen from birth. A reservoir of 10,000 additional metal workers is ready to swing into much increased production.

Further, your deliveries are safeguarded by Massachusetts' record as the leading industrial state in freedom from time lost per employee, in strikes.

Write for up-to-date list of firms that can supply you with all sorts of parts, instruments, tools, machines. Your request kept confidential. Address

# Massachusetts

Development and Industrial Commission  
State House, Boston, Mass.

COME WHERE BUSINESS AND  
LABOR UNITE FOR PROFITS

of that measure, separate legislation appears certain.

The men in military service are protected against suits for debt while in training (page 24). They are entitled to all pensions and other compensation given members of the regular armed services for disabilities which may be incurred—a little insertion made in the conscription act without counting the cost. And now there is talk of future legislation by which Uncle Sam would match up to \$15 a month any allotment conscripts may make to dependents.

### Oil and Defense

ASSERTING THAT the divorcement of oil production and refining functions from those of transportation and marketing would seriously hinder national defense, the Defense Commission threw the projected antitrust suit against integrated companies back into Attorney General Jackson's lap. Thus the decision rests directly with him, indirectly with President Roosevelt.

The commission's report contains no endorsement, express or implied, of price-fixing.

A group of oil men, including Standard Oil's Walter Teagle and leading independents, Charles Roeser and Paul Blazer, met early this week with Interior Department officials. Fog of secrecy surrounds the meeting, at which the cooperation of the oil industry with national defense was discussed, but reports are heard that federal control of petroleum (Cole bill) got a going-over.

### Nothing Subterranean

BUILDING UNDERGROUND airplane plants and hangars is all talk. Engineers question the economic feasibility of earth bomb-proofing. One highly-placed authority said that the underground plant space would cost so much that a country could lose considerable plant and many planes by open bombing and still be ahead. It is estimated that the 30 feet or so of earth necessary for protection from sizable bombs would require immense and expensive support. The Germans have some subterranean airplane works, but no one knows how many.

### New Use for Speedboats

SUICIDE BOATS, without suicide, are under experiment by the Navy. Chris-Craft shipped four "unsinkable" speedboats to the Navy, to be equipped with radio controls actuated from airplanes. Apparent intention is to turn these lethal mavericks loose with torpedoes aboard and guide them to the target from aloft. Radio-controlled bombing targets would be valuable to the Navy, too. The boats are 34 feet long, and have a top speed of 35 m.p.h.

### Yards for Merchantmen

NO NECESSITY for curtailing merchant shipbuilding is conceded by Maritime

### Democratic Strategy

POURING OUT CONTRACTS, creating the expectancy that the defense program will better everybody's living, the Administration romps along, practically heedless of Willkie's challenge that four years more of F. D. R. will lead us to a dictatorship.

Willkie is concentrating on convincing the American people that the third term means the end of individual enterprise in this country. Meanwhile, Wallace, who has been anointed by F. D. R. to succeed him—whenever that may be—is touring the Middle West, linking Willkie with "appeasement" and "Hitler." He has another stunt, too. In meeting after meeting, he asks every farmer who pays an income tax to hold up his hand. That's how he dismisses the notion the farm vote should worry about federal spending and taxes.

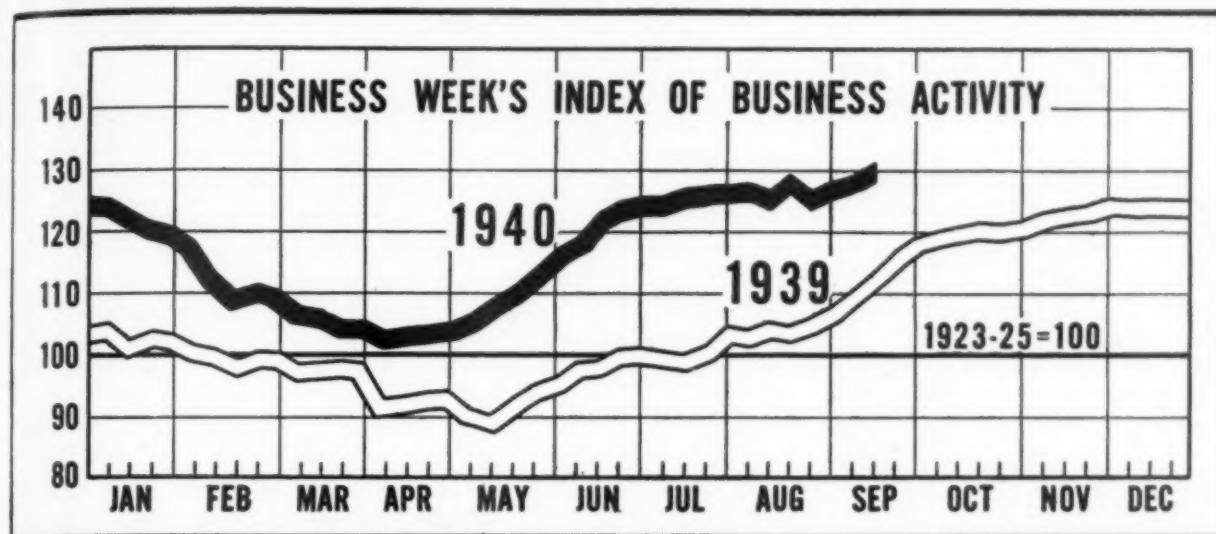
Commission officials as the Navy gets its vast construction program under way. Here's how they sum up the situation: Most commercial building is in yards that will not be taking Navy work. Some merchant bottoms now building in yards where Navy building is also in progress will be completed, and no more will be laid down in those yards. New ways can be added to commercial yards to take care of the commission's 50-ships-a-year program as planned. Several World War yards are still unused, but due to changes in construction methods, such as welding's replacing riveting, it will be cheaper to build new yards rather than rehabilitate the old.

### Bottle and Half-Bottle

THE ALCOHOL TAX UNIT's surprise decision to hold another public hearing (October 3) on permitting use of a four-fifths pint bottle to domestic whisky and gin not only represents a decided victory for Schenley distilling interests (*BW*-Sept. 7, 40, p. 44) but may result in another victory for the British—in the U. S. A.

Scotch whisky is sold not by the quart or pint but by the "bottle" or "half-bottle"—a "bottle" being one-sixth of the Imperial gallon or one-fifth of the American gallon (whence "fifth," of course). Since the "bottle"—or four-fifths quart—was legalized for American whiskies a few years ago, it has been gradually displacing the quart, suggesting a sort of Gresham's Law for whisky bottles. If the four-fifths pint—the "half-bottle"—is legalized as expected, now that virtually all opposition has been withdrawn, the British bottle and half-bottle will probably succeed the American quart and pint.

## THE FIGURES OF THE WEEK



## THE INDEX.....

Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
*131.5	†129.2	129.3	107.5	114.0

## PRODUCTION

Steel Ingot Operations (% of capacity).....	92.9	91.9	89.7	62.4	79.3
Automobile Production.....	63,240	39,665	20,475	108,720	41,248
Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands)	\$14,066	\$14,398	\$14,159	\$8,431	\$10,123
Electric Power Output (million kilowatt-hours).....	2,639	2,483	2,606	2,460	2,444
Crude Oil (daily average, 1,000 bbls.).....	3,647	3,624	3,519	3,800	3,422
Bituminous Coal (daily average, 1,000 tons).....	1,603	1,517	1,432	1,378	1,557

## TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	78	76	72	68	77
All Other Carloadings (daily average, 1,000 cars).....	54	52	49	36	50
Check Payments (outside N. Y. City, millions).....	\$4,217	\$3,731	\$3,925	\$4,142	\$4,256
Money in Circulation (Wednesday series, millions).....	\$8,080	\$8,092	\$7,944	\$7,463	\$7,235
Department Store Sales (change from same week of preceding year).....	+11%	+10%	+8%	+11%	+4%

## PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	156.4	156.0	150.0	157.4	169.5
Iron and Steel Composite (Steel, ton).....	\$37.94	\$37.61	\$37.73	\$36.66	\$36.76
Scrap Steel Composite (Iron Age, ton).....	\$20.13	\$19.92	\$19.00	\$16.54	\$19.25
Copper (electrolytic, Connecticut Valley, lb.).....	11.365¢	11.385¢	10.806¢	11.375¢	12.000¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.74	\$0.74	\$0.68	\$1.00	\$0.88
Sugar (raw, delivered New York, lb.).....	2.69¢	2.70¢	2.63¢	2.81¢	3.68¢
Cotton (middling 11/16, ten designated markets, lb.).....	\$9.42¢	9.51¢	9.90¢	10.52¢	9.04¢
Wool Tops (New York, lb.).....	\$1.121	\$1.047	\$0.976	\$1.031	\$1.245
Rubber (ribbed smoked sheets, New York, lb.).....	19.32¢	19.34¢	19.65¢	18.40¢	22.13¢

## FINANCE

Medium-Grade Corporate Bond Yield (30 Baa issues, Moody's).....	4.69%	4.69%	4.79%	4.80%	4.97%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.20%	2.20%	2.28%	2.24%	2.64%
U. S. Treasury 3-to-5 year Note Yield.....	0.50%	0.50%	0.60%	0.42%	1.12%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	½-¾%	½-¾%	½-¾%	½-¾%	¾-¾%
Business Failures (Dun & Bradstreet, number).....	249	177	279	254	269

## BANKING (Millions of dollars)

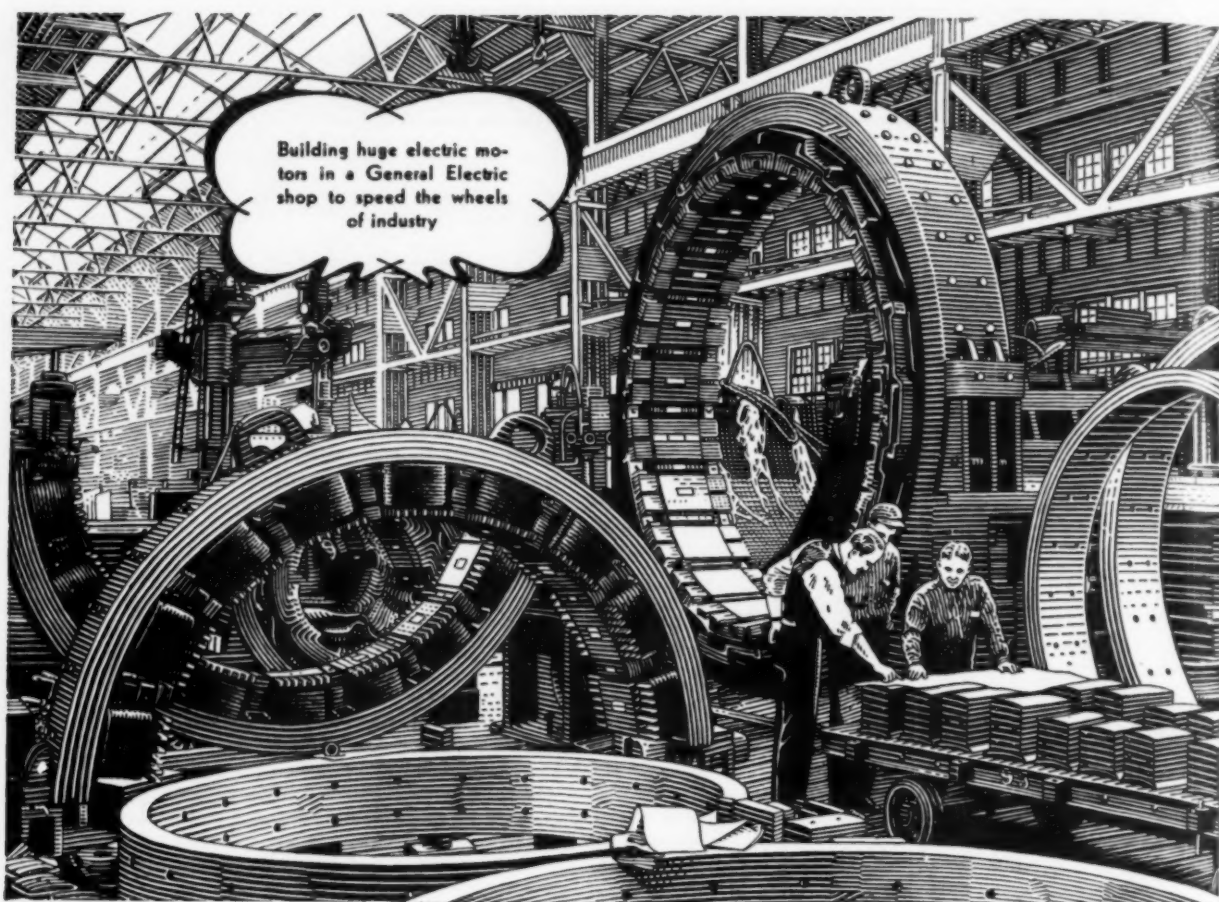
Demand Deposits Adjusted, reporting member banks.....	21,079	20,901	20,789	19,507	18,286
Total Loans and Investments, reporting member banks.....	24,294	24,188	24,121	23,437	22,389
Commercial and Agricultural Loans, reporting member banks.....	4,571	4,460	4,461	4,367	4,159
Securities Loans, reporting member banks.....	852	853	845	1,135	1,081
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	11,964	11,957	12,006	11,330	10,711
Other Securities Held, reporting member banks.....	3,665	3,665	3,609	3,491	3,363
Excess Reserves, all member banks (Wednesday series).....	6,540	6,490	6,390	5,777	5,271
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,485	2,490	2,495	2,524	2,873

## STOCK MARKET (Average for the week)

50 Industrials, Price Index (Standard Statistics).....	100.2	102.4	95.4	117.4	126.5
20 Railroads, Price Index (Standard Statistics).....	28.3	29.0	26.3	30.4	32.7
20 Utilities, Price Index (Standard Statistics).....	60.3	62.1	60.2	67.6	67.8
90 Stocks, Price Index (Standard Statistics).....	82.9	84.8	79.3	96.0	102.5
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	364	1653	250	697	1,890

\* Preliminary, week ended Sept. 14th. † Revised. ‡ New series. § Date for "Latest Week" on each series on request.





## A Preparedness Program Sixty Years Old

**T**ODAY American industry turns its talents for mass production to the job of mass protection. It has been called on to produce, almost overnight, airplanes, tanks, guns—armament with which to defend the American way of life. And the accumulated experience of industry—experience which has given us our high peacetime living standard—now becomes one of the chief assets of the nation's defense program.

American industry has been preparing for today's emergencies for more than sixty years. It has learned, during the last two generations, how to produce more automo-

biles, more radios, more bathtubs, more telephones, more electric refrigerators—more of almost every manufactured product than are produced in any other nation on earth. As a result the people of this country have enjoyed a standard of living above that of any other; they have had comforts and conveniences never before known.

General Electric scientists, engineers, and workmen have, for more than sixty years, been putting electricity to work to serve America's peacetime needs. They are now turning this power to the job of defending the benefits electricity has helped to create.

*G-E research and engineering have saved the public from ten to one hundred dollars for every dollar they have earned for General Electric*

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September 21, 1940

## THE BUSINESS OUTLOOK

**All the key indicators—including commodity prices—assert that the rise is here. Inventory increases are evident as doubts subside and business realizes the dominant influence of national defense.**

BUSINESS HAS ENTERED what might be termed "the unanimous phase." Everything is going up. This week the BUSINESS WEEK Index reached a new high for the year at 131.5, and the 1929 high of 135.3 is within arm's length. Steel operations pushed up 1 point to 92.9% of capacity; automobile output increased by 24,000 cars—clearly the motor manufacturers are not letting days rush by during this year's changeover period. And commodity prices—which from time to time have shown little inclination to do what they're expected to do during an advancing phase of business—have begun to firm up again.

### Increasing Costs Ahead

All in all, the statistics assert the rise is here—and no doubt about it. From now on, the greater risks for business men lie on the side of over-cautiousness. For clearly a period of increasing costs is ahead. Labor bottlenecks are developing in the armament industries, some labor shifts from consumer goods to heavy goods industries have already taken place. Manufacturers—in the very nature of things—will be bidding against one another for skilled workmen. And ultimately it is possible to envision similar competitive bidding for raw materials in the open market. Hence, low inventories are a greater hazard than high inventories—because as prices rise replacement costs also advance, and if labor shortages develop in some lines, replacements might actually become impossible.

### Better "Slightly Overstocked"

Ever since the start of the war a year ago, BUSINESS WEEK has offered to business men the operating suggestion that it was safer to be slightly overstocked than understocked, in view of the possibility of delays in shipments, shortages in supplies, and an ultimate rise in prices. Today the indications are that such a policy has become generally accepted. Last week's \$91,000,000 increase in the commercial, industrial, and agricultural loans of reporting member banks (see Outlook Chart) more or less proves the point; it was the sharpest one-week rise recorded since this statistical series was first compiled in May, 1937. This type

of commercial banking loan is made primarily to expand inventories and, because the reporting member banks represent a broad cross-section of American banking and because their customers represent the bulk of the large American corporations, it is justifiable to conclude that, if this cross-section is building inventories, the nation as a whole is doing it, too.

### Commodity Rise Convincing

The increase in loans right now heralds an advance in manufacturing activity and wholesale buying this fall. In a sense, it may be set down as a normal seasonal advance. But the fact that a long list of commodities—steel scrap,

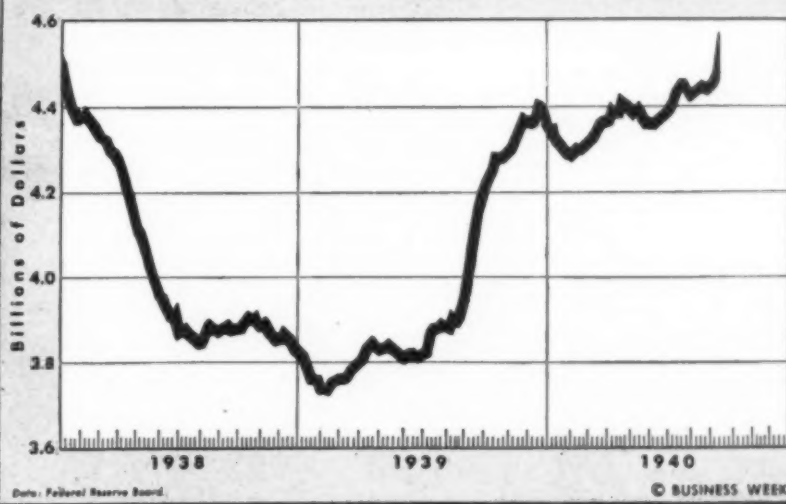
lumber, hides, print cloth, and zinc—has shown definite rising tendencies bears out the theory that business men have given up the idea of waiting to accumulate inventories during periods of market declines and are now buying when and what they can. The 7-point snapback in the Moody Index of spot commodity prices since the middle of August is fairly convincing.

This is what has happened: For months business men have been hesitant about tying cash up in inventories, fearing that a quick peace would immediately pull the plug out of the markets. So they pursued a close-to-the-chest inventory policy. But as week after week Britain was still in there fighting, the worry over a sudden conclusion to the war subsided.

Steel men are already talking about priorities in allotments. And conscription will introduce dislocations in the labor market. Thus, for the first time since the war started—indeed, for the first time since the hectic bidding for

## IN THE OUTLOOK—BUSINESS BORROWING

(Commercial, industrial, and agricultural loans of reporting member banks in 101 cities)



Back in July, BUSINESS WEEK wrote: "There's been a slight upturn in business loans lately. As yet the gain is not large enough to suggest that manufacturers and wholesalers are building up inventories in anticipation of a bumper fall volume; but it is significant that expansion is taking place during July—a month when customarily business men are

more inclined to pay off bank debts than to increase them" (BW—Jul 27 '40, p13). Well, the borrowing movement that got under way then advanced by \$91,000,000 last week; no longer can there be any doubt that manufacturers, wholesalers, and retail merchants are preparing for a sharp upturn in sales of fall merchandise. Definitely, the loan trend is up.

goods and labor in the spring of 1937—purchasing agents have become “really hungry.” Scarcity has raised its head.

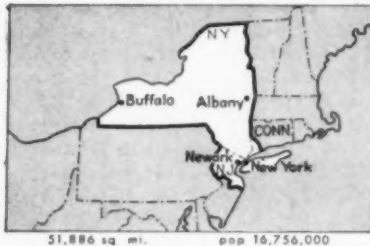
At this stage, it would be unwise for business men to push pell-mell into markets and to buy solely for inventory's sake. The Battle of Britain is still in a critical phase; a German victory would result in a recession in commodity prices

and some curtailment of buying. Britain, perforce, would be out of our markets for munitions.

Yet, as a matter of longer-term planning, it would be just as unwise to assume that the bottom will fall out of the markets if Britain loses. For no longer is the war the decisive factor in the industrial trend here. Britain's potential

buying amounts to \$2,000,000,000 a year. Our own defense program this fiscal year will probably reach \$5,000,000,000, next year a \$10,000,000,000 total is easily probable. With that huge government prop to the heavy industries in the business foreground, a middle course is in order: to plan for a high level of business volumes into 1941, and even into 1942.

## The Regional Business Outlook



**NEW YORK**—Though income payments in this Reserve district are still below 1937 levels, in contrast with the nation's, August's better-than-seasonal increase in department store sales (up 8% from July) served to emphasize this area's purchasing-power potentialities (*BW*—Aug 24 '40, p. 14).

Payrolls in the apparel industries are pushing above last year when they mean most—at peak-production time. And the outlook is for more of the same, because clothing lines characteristically respond to gains in employment in the heavy industries. Incidentally, the promotion of this city as a new style center—to take the place of Paris—may help check migration of the dress industry from here, thus correcting the downward bias in employment.

### Plans for Industrial Building

Outside Manhattan, national defense is a powerful stimulant. Shipbuilding is booming at Kearny, N. J.; Buffalo aircraft plants are in process of further expansion, and Rochester precision companies—Eastman Kodak, for instance—are busy. So active are the metal and machinery trades that factory employment indexes for Syracuse, Rochester, and Buffalo are at, or close to, post-1929 peaks. In many cases, manufacturing capacity must be enlarged. As proof, industrial plans filed with the State Department of Labor rose to a new August high.

Farmers are feeling pretty good. Recent rains have helped pasturage and feed crops, which means dollars to this area's basic farm industry—dairying. Pasture condition is 39% better than '39, hay production is likely to run 35% larger.



**ATLANTA**—An agricultural-industrial, rural-urban contrast is developing here. While the loss of foreign markets is holding farm income down to 1939 levels, the upsurge of payrolls is accelerating; heavy goods industries are in the van.

And the cotton-textile industry at last is coming through. Under the stimulus of heavy buying of all types of cloth, operations in weaving, dyeing, and finishing plants will be swinging upward through the fall.

### Rail Buying Helps Steel

Steel continues to lead the advance, with operations at practical capacity; railroad demand is unusually large. Construction contracts in August soared to a record high, on awards for army cantonments and air bases, for TVA, for defense plants, and for housing. Lumber output is responding sharply to the building boom (*BW*—Aug 24 '40, p. 14). The new Gulf Shipbuilding Corp. is renovating an old U. S. Steel shipyard at Chickasaw (near Mobile), Ala., and will soon be at work on four destroyers. Other shipyards are busy on numerous cargo vessels.

The cotton crop, despite a recent 10% improvement, is only up to last year's pick, and prices are down. Moreover, tobacco receipts are off on restricted acreage and production, while fruits and vegetables have suffered from frost and floods. With harvests two to three weeks late this year, the peak of the marketing season—for cotton especially—will come next month instead of this. Thus the flow of agricultural receipts will be delayed, and rural retail sales probably will not come up to gains in the industrial centers.



**KANSAS CITY**—August brought rain and a 30% improvement in the corn crop. But the weather is still very much the villain in the case. The corn is late in maturing, and the big fear is that an early frost will kill off most of the gain.

The general farm picture is spotty. Despite enlarged AAA benefits, farm income in the first six months ran less than 5% ahead of 1939—as compared with a national gain of 9%. And prospects for receipts the rest of the year are not exceptional. Indeed, for 1940 as a whole, this district is apt to lag behind the country.

Except for wheat, most harvests in Nebraska and Kansas will run ahead of 1939, but the condition of pasture land in those states is not improved. The reverse is true in Colorado and Wyoming, where meadows and ranges are lush, but crops are barely at the '39 level.

Oklahoma has given the best all-around performance: Wheat is down 10%, but pasture condition is up 20%, cotton also 20%, corn 35% and so on. The market for Oklahoma's oil output is improved, now that Illinois' production is declining (*BW*—Sep 14 '40, p. 16).

### Flour, Meat Packing, Oil

Industrial activity is “slow.” Construction and coal mining have not spurred as elsewhere, and such stable industries as flour milling, meat packing, and petroleum refining are lagging behind the national showing.

Wichita, however, is alive with aircraft plant expansion; this Kansas town may become an inland aviation center. In southern Colorado, around Pueblo, rising steel operations likewise signal higher sales ahead.

## "Ratings" Postpone Priorities

**Defense Commission tries out preference plan for deliveries and record in machine-tool industry gives promise that voluntary system may suffice.**

IF YOU WISH TO TURN a pleasant social gathering of business men into a gloom-pervaded session, just bring up priorities as a topic. No word is a greater bugaboo to industrialists. It conjures up thoughts of government control and regimentation. It refreshes memories of World War days when, at times, conflicting delivery dates on rush orders nearly drove manufacturers mad.

Ever since the U.S. defense program started, industry has hated to think about the day when priorities might be back again. A step which brought it right outside the door was taken last week in Washington when the Army and Navy Munitions Board, at the request of the National Defense Advisory Commission, adopted a previously-proposed system of preference ratings for defense contracts (BW—Aug 17 '40, p. 16).

But there's a vital difference between these preference ratings and government-imposed priorities. Priorities mean rigid control of deliveries, with some measure of price regulation, administered by government officials. Preference ratings leave a manufacturer's business in his own hands, so long as he is able to meet the delivery schedules put on defense orders.

### "Big Stick" Ready, Just in Case

Under the rating system each contract placed with private industry, arsenals or Navy yard will bear a preference classification: Class AA for future emergencies of exceptional nature; Class A for orders requiring specially preferred treatment. Each of these classifications will be subdivided into AA1, AA2, A, A1, A2, etc., as necessary. Each order will carry a desired date of delivery. A prime contractor may extend preference ratings of his contracts to subcontractors of materials, services, production machinery. In acute situations on equipment and supplies, he may send an S.O.S. to the Priorities Committee of the Munitions Board, go all the way up to the Coordinator of National Defense Purchases.

How the new system works will depend entirely on the voluntary cooperation of all industrialists to give right of way to deliveries with preferred ratings. What both industry and its friends in Washington fear is that a few rugged individualists will try to "stand on their rights," and spoil the work of the overwhelming majority. The Defense Commission serves notice that a big stick is ready for use "just in case." It says: "The com-

mission favors continuance of the voluntary system until it appears that more authoritative measures are required."

Though preference ratings are applicable to any or all industries as the Defense Commission thinks desirable, they probably will be used most extensively at first in machine tools. A letter has gone out to all metal-working machinery builders with the suggestion that they request preference ratings on existing orders from the Priorities Committee.

If the machine-tool industry's performance thus far is any criterion, the voluntary system has a good chance of success. No industry has been on a hotter spot. Normally doing an annual business of \$100,000,000, it suddenly found itself with a \$400,000,000-a-year volume. It was pointed to as one of the most critical bottlenecks. Some people in Washington were itching to tell the industry what it *must* do.

Machine-tool builders acted quickly. Through the National Machine Tool

Builders' Association they enlarged a government contact committee into a Defense Committee, which has labored tirelessly with Defense, Army and Navy officials to see that defense production plants get what they want when the machines are needed.

When aircraft-engine makers had to have machine tools quickly, dozens of machine-tool builders, called by phone, volunteered to give their orders the right of way. When the Navy needed some fifty machines for machining armor plate, the half dozen companies which could handle the work put their heads together and devised short cuts which lopped months from the production time.

### Workers' Productivity Heightened

Machine-tool people have done other things to help, too. Not the least has been increasing output by adding 30% to plant capacity since last September, by increasing shifts (most companies are running two shifts 50-60 hours a week), by installing new machinery to augment productivity per worker, and by subcontracting work. Some companies have as many as 43 companies making parts for them; Westinghouse, Miehle Printing Press, Mergenthaler, Otis Elevator, R. Hoe & Co. are a few among many concerns making complete machine tools or parts for the machine tool builders.

Whenever the machine-tool industry

## Chrysler Digs In for Defense Production



With President K. T. Keller at the wheel of the tractor, the Chrysler Corp. last week broke ground for the \$20,000,000 Army tank plant it will build and operate for the government in Detroit. After Chrysler has built and equipped the plant, the title is to be transferred to the government, which will reimburse

Chrysler for all costs. Chrysler then leases the plant during the contract period for \$1 a year, operates and maintains it, and builds tanks at a fixed price per tank in accordance with Army design. On order from the Chrysler tank plant: one thousand 25-ton tanks, for which the government will pay \$34,500,000.



hits a high spot, such as at present, it attracts a swarm of newcomers or brings back to life companies which have been inactive for years. In 1917-18 one company turned out planers with concrete beds, an idea never used before or since. Today old names are returning—Kemp-smith milling machines (Milwaukee), Milholland turret lathes (Indianapolis), Billings & Spencer semi-automatic lathes (Hartford). Simmons Machine Tool Corp., Albany, biggest rebuilders of machine tools, is making new engine lathes. The Prescott Co., Menominee, Mich., is building shell lathes designed by Lucien Yeomans. William K. Stamets, veteran Pittsburgh machine-tool dealer, has a newly-designed shell lathe to be built on contract in Cleveland.

### Big Buyers May Build Tools

If the squeeze on deliveries becomes tighter, some of the bigger machine-tool buyers may resort to manufacturing some machine tools themselves. Ford already plans to build some of the smaller machines needed in manufacture of the Pratt & Whitney aircraft engine at Rouge. Bethlehem Steel is reported to have built special machine tools required in munitions work.

With \$600,000,000 of orders to be filled for the defense program, machine-tool builders are hoping that requested deliveries will be spread out by the Army and Navy over eighteen months. They remember World War demands for deliveries ahead of need, think a responsibility rests upon defense officials as well as upon industry to do first things first and not ask the impossible, say that horse-sense will make the preference rating system sufficient.

## Coast Fair Pay-Off

**Golden Gate creditors who made 1940 venture stand to get 85¢ on dollar instead of 15¢.**

CREDITORS of the 1939 Golden Gate International Exposition who rode along with this year's venture, instead of settling at 15¢ on the dollar, stand to do pretty well, it appeared this week. Present outlook is for a pay-off of 85¢ at closing time Sept. 29.

As is usual with world's fairs, it was San Francisco's hotel and transportation men and the exposition's concessionaires who dictated the capital-saving repeat performance. Transportation men, who wanted the tourist trade stimulated by another exposition year, organized the 1940 Exposition, Inc., which raised some \$600,000 through public subscription. Although this amount was short of the required total, Treasure Island concessionaires turned the tide with a loan of \$120,000.

These hard-headed showmen appear to be justified by results. Original subscri-

ers of \$7,000,000 to the 1939 exposition have long since written off their losses; the 1940 subscribers will get back about 37%. The Gayway showmen will be repaid 100% on their loan. Besides, in the short, prosperous 1940 season, many have been able to recoup their 1939 losses.

### Navy Leases Would Help, Too

Only some 35% of last year's creditors, representing claims for \$1,571,000, will benefit from the 1940 enterprise. Those who settled their claims for \$2,500,000 will receive ultimately about 19%, depending upon returns from salvage of buildings. Proposal of the Navy Department to lease Treasure Island and its buildings for an emergency training station may alter these returns considerably. Creditors sharing in this year's receipts do not share in any cash that may be derived from sale of buildings.

Financial success this year is based on excellent attendance and efficient busi-

## Showmanship in Window Display



*Courtesy The Newspaper PM, N. Y.*



Franklin Simon, the New York specialty shop, is stopping traffic on Fifth Ave. these days with a window display using the old girl-in-the-goldfish-bowl technique. By means of mirrors and lenses the activities of living models, working behind the scenes (left), are reproduced in miniature inside small picture frames in the store windows.

Franklin Simon is using the trick window display to promote its new collection of American-designed fashions. The fashion shows go on all day in four of the store's windows, have been extended to 8:30 P.M.

ness management under President Marshall Dill and General Manager William Monohan, president and vice-president respectively of the San Francisco Chamber of Commerce. With an anticipated attendance this season of 4,000,000, creditors stood to realize some 30¢ to 40¢ on the dollar. By Labor Day nearly 5,000,000 persons had clicked through Treasure Island turnstiles. With over a week yet to run, final figures promise to be well over 6,000,000.

Profiting most from the 1940 run are the big exhibitors who last year, on expectation of 20,000,000 attendance, overbuilt their displays. Inclined to demolish their costly sets, they were induced to wait upon the promise that rental rates to old exhibitors would be offered at 25% of original charges. They are now rejoicing. With their display construction costs written off, they are drawing 70% of last year's total attendance at 15% to 20% of the cost.



## Detroit Shifts Right into High

**Uncertain about the future, auto manufacturers aim to achieve maximum production immediately, then gear output to demand. New Nash stimulates interest.**

WITH THE PRESS PREVIEW SEASON a thing of the past and with public announcements now coming thick and fast, the automobile industry prepares for production schedules running 15% to 20% above last year. Chevrolet, Chrysler, Nash, Oldsmobile, Packard are currently making their bows, and Ford and De Soto are scheduled to announce next weekend, with Dodge and Willys bringing up the parade later.

While Detroit receives all these resplendent debuts with excited interest, the motor capital is fairly buzzing over Nash's entry into the lowest price field. Its new bid for the Chevrolet-Plymouth-Ford market is the Ambassador 600, which has been under wraps for three years. The 600's revolutionary features are expected to boost the Nash line into the big-volume class as the 1940 Champion did Studebaker (BW—Aug 31 '40, p26).

Now that the whoopee for new models is largely off their minds, automobile executives will step up to peak production as speedily as possible. They are profoundly concerned over the effects of war, defense, and politics on retail and export sales, on production and labor costs.

Present policy is to move up immediately to production capacity, fill the initial demand, then maintain field stocks adjusted to the public's ability to absorb new cars. An eagle-eyed watch will be focused on week-to-week demand. Any faltering in sales is likely to bring instantaneous curtailment of assemblies. Before long, the industry will again be enjoying 100,000-car weeks. Forecasts place the September production of passenger cars at 250,000, in comparison with 165,000 reported a year ago.

### Expect Fillip from Defense

Some other prophecies are that defense activities will strongly stimulate sales, especially next spring, that job increases will boom the used-car market, thus contributing to new car sales. This is what happened in Canada.

Chevrolet, the industry's volume leader, offers only two series for 1941—the Special Deluxe, introduced last year, and the Master Deluxe. (The stripped Master line is eliminated.) Both series have knee-action and vacuum shift at no extra cost. Models have been reduced to 12. Details of exterior trim, upholstery options, instrument panels con-

stitute the principal difference between the Special and the Master.

Body and fender changes appear to make the new Chevrolets hug the ground closer. Windshields, rear windows, and upper sides are increased in slope. In line with general trends, seat widths are increased. Locks on both front doors allow entrance from the more convenient side.

By raising the compression ratio and improving shape of the combustion chamber, the 1941 Chevrolet engine produces 90 hp. without an increase in gas consumption. The cast-iron piston has a flat instead of a crowned top. More uniform cooling is attained by a permanently sealed and lubricated water pump with two outlets instead of one.

### Plymouth Adds a Series

Whereas Chevrolet has dropped a series, Plymouth has added one. The three 1941 lines are the Plymouth, Plymouth Deluxe, and a new Special Deluxe. Thirteen body styles are offered (BW—Sep 7 '40, p16). Wheelbase remains 117 in., probably an inch longer than Chevrolet, two or three inches longer than Ford. Power is stepped up to 87 hp.

Two-speed shifting (with normal starts in second) is introduced in the low-priced field by a "get-away" gear—a new second speed with 18% higher gear ratio and a new rear axle. "Powermatic" gearshift, employing engine vac-

uum power for shifting, is an extra-equipment option.

Chrysler's 26 Airflow models are wider, longer, lower. Front-seat width of nearly 5 ft. is attained by "space-flaring" the body below the window line. The double-channel welded frame is so much stronger than previous construction that the X-member has been eliminated. Semi-automatic, vacuum-operated transmission and fluid drive are optional extras. Horsepower of Royal and Windsor sixes is raised to 112. The New Yorker eight, which replaces three lower-priced eights offered last year, boasts 137 hp. The Crown Imperial (four body styles) is powered by a 143 hp., eight-cylinder motor.

### Integral Frame Saves Weight

Presentation of Nash's low-priced 600 shows that its long buildup was justified. It is claimed that the 75 hp. motor will do 25 to 30 miles per gallon of gasoline.

Most striking is the 600's integral frame. Instead of the orthodox chassis frame to which the body is attached, the 600's body-framing and chassis-framing are one. This saves from 400 to 500 lbs. in weight, is said to increase structural safety, allow more inside room. Suspension is upon coil springs at the four wheels. The body is full-sized with torpedo styling. The front seat is nearly 5 ft. wide.

The 105 hp. Nash Ambassador six and the 115 hp. eight also have unitized construction with the internal bridge-truss frame and integral chassis sub-frame welded together. The sub-frame provides greater body strength.

Besides the 600, Nash is expected to have an additional argument for its drive on the volume market. This is price reductions on other models, in opposition to the general move for increases.

Nash announced details of its 1941



*Chevrolet, the industry's 1940 sales leader, has two series of new cars—Special Deluxe and Master Deluxe (above). Bodies are longer and*

*wider, interiors roomier. Vacuum power shift is standard on all models. Horsepower is increased from 85 to 90 without affecting economy.*



Long promised, the new Nash Ambassador 600 rolls out next week to take its place in the low-priced field alongside Ford, Chevrolet,

Plymouth—"the Big Three," and Studebaker—the big fourth. In 1941, Nash hopes to be the big fifth. Prices will be under wraps until show time.

lines this week, though dealer stocks are scanty and production difficulties are said to prevent the company from meeting competition on a car-for-car basis early in the season. Nash hopes that the public will wait to see its new low-priced 600 and higher priced models before buying. Dealer stocks of sixes and eights will probably be adequate by Oct. 5; tentative date set for deliveries of the 600 is Oct. 20.

Packard's 1941 models represent a compromise between streamlining and this old-timer's traditional lines. Although wheelbases are unchanged, body modifications account for increases in overall length up to 5 in. Running boards are optional on most models. Also optional is the electrical control for cutting in or out of the overdrive at 21 miles an hour. The 180 possesses a mechanism for power operation of the windows.

The complete line consists of the six-cylinder 110 Special and the 110 Deluxe on 122 in. wheelbase; the eight-cylinder 120 on 127 in. wheelbase; the super-eight 160, and the custom 180 on wheelbases of 127, 138, 148 in.

## Food Mart Unloaded

**Kansas City, Kan., gives up, leases storm-provoking terminal to private corporation for year.**

KANSAS CITY, Kan., unloaded its wholesale produce market last week, ending a brief and unprofitable period of municipal operation. Produce men have described this mart as the best and worst in the Middle West—best from the standpoint of physical equipment, valued at more than \$4,000,000; worst because of a local competitive situation and legal difficulties which left it deserted after a brief spell of activity (BW—Sep 14 '40, p. 32).

The market was opened in December, 1939.

The city's food terminal and its river-rail grain elevator, both located on the newly constructed public levee, have been leased for one year, with renewal option, to Minnesota Avenue, Inc. The stock of that corporation is entirely owned by J. W. Perry, a capitalist of Kansas City, Kan., and by members of his immediate family. The market will be operated by a subsidiary, Greater Kansas City Food Markets, Inc.

### Sick of the Enterprise

Although the change surprised most Kansas Citians, it was generally known that city officials were sick of the mart enterprise. Ever since produce men began deserting Kansas City, Kan., following a federal injunction which deprived them of promised concessions (low rentals, cash advances, unsecured loans), the city has been scouring the country for an operator. An attempt to induce a group of public-spirited business men to take over the market bogged down early this summer.

Under the lease just concluded—which has been approved by the Union Pacific Railroad, holding the greater part of a \$3,000,000 issue of revenue bonds issued to build the mart, and by PWA, which advanced \$1,700,000 toward construction—Kansas City, Kan., is to receive all rentals up to \$90,000, less operating and maintenance costs. Collections above that figure are to be divided between city and lessee on an agreed basis.

The lease includes the new \$700,000 cold storage and ice plant formerly operated by the Federal Cold Storage Co. Operators of the mart will receive rentals from the river-rail grain terminal now occupied by Hart-Bartlett-Sturtevant Grain Co.

Improvements at the market, includ-

ing the opening of a bank and a restaurant, will be completed at once, and the market may be ready to open next week. Just where tenants will come from is problematical. One statement that has been made by the management of the market will most certainly discourage many former tenants who were practically honored guests during municipal operation: Former tenants must pay up their back rent.

Incidentally, if the Kansas City, Mo., produce men refer to the Kansas mart at all, they will call it the Wyandotte (county) or river-front market; not the Greater Kansas City market.

## New-Car Tires Go Up

**Increases of 10% to 15% announced by Big Four as auto industry's year gets under way.**

THE TIRE INDUSTRY'S Big Four bolstered their earnings prospects last week by raising prices on original-equipment tires, concurrent with the start of the new-car model year. Original-equipment tire sales normally account for about 40% of the trade's total unit volume.

The increases, which are retroactive to Aug. 1, range roughly from 10% to 15%, depending on both the size and type of tire, and continue through next Feb. 1.

Sale of tires to Detroit's auto-makers traditionally has been the province of the tire trade's big firms. Goodyear is the major supplier for Chrysler; Goodyear and U. S. Rubber supply the bulk of General Motors' tire requirements; Firestone supplements the production from Ford's own tire plant in equipping that firm's cars.

The price action reflects increased costs in the trade. Unlike price increases on replacement tires, which usually are divided between manufacturers and tire dealers, original-equipment price increases flow directly back to the tire-makers. For the first half of the year, the trade's earnings lagged generally from the 1939 period and were disappointing in terms of tire sales, which were up 13.1% (BW—Aug 31 '40, p. 38).

### Big Year in Prospect

The increases come while the auto industry is looking for one of the largest fourth-quarters in history in terms of new-car assemblies. This price raise is the first since April 1, when tire contracts for some of the smaller auto-makers were revised upward 2½% to 7½%. Those prices, too, continue in effect until Feb. 1.

Because of the continuing instability of tire prices in the replacement markets, trade observers see little hope of price increases in that direction, despite the fact that original-equipment prices often point the general price trend.

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“Unforeseen events . . . need not change and shape the course of man's affairs”



### BOBBIE WILL NEVER BE LATE AGAIN...

A motorist forgot that boys playing “cops and robbers” seldom remember the real dangers around them. So Bobbie won't be at school today...or tomorrow...or ever.

Bobbie might have been your son. He might have been any one of the three thousand boys and girls whose lives will be cut short by automobile wheels this year.

So that these tragedies may become fewer, The Maryland teaches safety to motorists and children . . . by means of

posters, pamphlets, lectures and advertisements such as this. These efforts have helped. But more than that is necessary.

We need *your* help...the help of every man and woman behind a wheel. Drive carefully . . . *extra* carefully within city limits. Remember that little heads rarely give thought to danger . . . and that little feet turn quickly. Maryland Casualty Company, Baltimore.

## T H E M A R Y L A N D

*The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland Casualty agents and brokers can help you obtain protection against unforeseen events in business, industry and the home.*



## Sea Water—But Pay Dirt for Dow

Modern alchemy draws not mere gold, but wide variety of strategic minerals from the ocean. Expanding company will "mine" magnesium on Texas coast.

"THE WORLD'S LARGEST mineral deposit is the ocean."

So says the "Minerals Yearbook—1939"; and there, in eight words, is the story behind one of the most colorful episodes in the history of this country's chemical industry. It's the story of the Ethyl-Dow Chemical Co. which is "mining" bromine from the sea near Wilmington, N. C., and it's the story of the new magnesium plant which Dow Chemical Co. is now building at Freeport, Texas.

It's the story of a modern alchemy by which man extracts salts of little value from the water of the sea and transmutes them into materials of much greater worth. And the best part of all is that the source of the raw materials is just about as nearly inexhaustible as anything the mind can conceive.

A cubic mile of sea water contains 128,300,000 tons of sodium chloride (common salt), 18,000,000 tons of magnesium chloride, 7,800,000 tons of magnesium sulphate, 5,900,000 tons of

calcium sulphate, 4,100,000 tons of potassium sulphate, 600,000 tons of calcium carbonate, 360,000 tons of magnesium bromide—not to mention a host of other ingredients including gold and silver.

### Will Double Magnesium Supply

Last week the Dow Chemical Co. went into the financial markets for about \$20,000,000 to pay for recent expansion and to add further to the plant. Of this, some \$5,000,000 is to defray the cost of the new magnesium plant. By the first of the year, the company will begin extracting the metal from sea water in an amount which shortly will total 12,000,000 lb. annually. That production will just about double the domestic supply of this, the lightest of all metals produced on a commercial scale and a metal whose alloys are rapidly coming to play a more and more important rôle in our aviation industry.

This mining of sea water is a very logical development for Dow Chemical. More than half a century ago, Herbert

Henry Dow put to practical use his studies in the electrolysis of brine, launching the venture which was to become the Dow Chemical Co. Although his preliminary work had been done at the brine wells in Ohio, Dr. Dow started manufacturing in Michigan because that state was offering a bounty on salt production.

At Midland, a bit over 100 miles from Detroit and 22 miles northwest of Saginaw, he set up his apparatus in a small flour-mill shed. His research had concerned itself particularly with recovery of bromine from brine, but his electrolytic cell was readily adapted to the isolation of chlorine and this gas soon was being produced also.

From that point the company steadily grew and expanded its list of products until they now number more than 300. In 1901 Dr. Dow and his associates formed a company, later merged with Dow Chemical, to manufacture organic chemicals in Midland. This company, among other things, produced chloroform synthetically in what is believed to have been the first synthesis of an organic chemical on a commercial scale in this country.

### Stimulus Came in World War

Such synthesis got its big impetus during the World War when the United States was shut off from such important items as those bought from the German dye trust. Dow, along with other chemical companies, was busy researching in many fields, with the result that several aromatic compounds (used in perfumes and flavoring extracts) were produced synthetically, and the company, in addition, produced brominated indigo which marked a long advance in freeing the country from reliance on German dyestuffs.

Today the company produces a variety of products which go into pharmaceuticals, industrial chemicals, insecticides and fungicides, plastic materials and plasticizers, and Dowmetal which comprises various alloys of magnesium. The Midland plant covers 525 acres, has its own 18 miles of railroad and its own docks on the Great Lakes.

And all this is an orderly growth based on the electrolysis of brine, brine which is obtained in almost inexhaustible supply from 125 wells which sink for a depth of 1,200 to 1,400 feet over an area stretching about 30 miles west of Midland. Some idea of the reasons for the company's expansion may be had from consideration of common salt.

### Caustic Soda, Hydrogen Utilized

To recover bromine, chlorine is needed, and this chlorine is obtained by electrolysis of salt. The sodium in the common salt reacts with the water in the cell to form caustic soda and hydrogen. This caustic soda the company sells to soap and rayon producers, for example, and

### Large Delivery—by Water



The largest piece of oil-refining equipment ever manufactured in a fabricating plant and delivered in one piece by water transportation, this steel fractionating tower, 144 ft. long, 18 ft. in diameter, and weigh-

ing 640,000 lbs., was launched by the Sun Shipbuilding Co. at Chester, Pa., and towed afloat last week 170 miles up the Atlantic Coast to the Tide Water Associated Oil Co. refinery in Bayonne, N. J.





## *Why protection against both?*

PROTECTION works two ways. First it is *against* something: an evil, a disaster, a destructive force. Again, it is *for* something: a value, an asset, an estate.

When you insure against the burglar, the thought is to protect against the ravages of a misdoer. When the court, on the other hand, orders an executor or guardian—an honest man—to post a bond, it wishes to protect and preserve values against a possible unforeseen slip from normally dependable conduct—by error, poor judgment, even dishonesty.

American Surety and New York Casualty Companies write many forms of indemnity covering human error or misconduct. Agents everywhere are relied upon to bring this nation-wide protection and service to your own door.

### **AMERICAN SURETY COMPANY NEW YORK CASUALTY COMPANY**

HOME OFFICES: 100 Broadway, New York

Both Companies write fidelity, forgery and surety bonds and casualty insurance.

## NORTON ABRASIVES

### Industry Uses Grinding Wheels in Great Variety

Norton Grinding Wheels are made in one hundred thousand combinations. Factory and warehouses stock approximately two and a half million Norton Wheels to meet the immediate needs of industry.

WHEN IT'S A GRINDING PROBLEM, CALL IN NORTON ENGINEERING SERVICE

## NORTON COMPANY

WORCESTER, MASS.

BEHR-MANNING DIVISION, TROY, N. Y. (ABRASIVE PAPER AND CLOTH)

it uses large quantities in its own processes; and the hydrogen is used in the company's production of ammonia.

Chlorine, the primary product under consideration, can be combined with sulphur, and this compound, when treated with carbon bisulphide, yields carbon tetrachloride. This is a versatile product widely used as a solvent in the extraction industries, a non-inflammable dry-cleaning fluid, and a fire extinguisher.

More interesting still, perhaps, is the chlorine when combined with benzene and treated with caustic soda under pressure. This produces phenol (carboic acid) which is basic in production of the phenolic resins so widely used in the field of plastics. Phenol also is treated to make aspirin and a variety of synthetic flavorings.

The combination of chlorine and benzene (monochlorobenzene) also can be treated with ammonia to form aniline, the product whose synthetic production in this country started the break in Germany's monopoly in dyes.

#### They Turn to the Ocean

This represents but the barest beginning in a description of the company's processes. Yet it already will be noted that by-product caustic soda and by-product hydrogen from the electrolysis of common salt have reappeared as basic ingredients in the complicated processes which lend chlorine part of its usefulness. All this gives some idea of just where the electrolysis of brine leads, and it explains in no small measure why the company has gone to work on sea water.

First of all, sea water differs from the Michigan brine only in minor particulars. Therefore, when Willard H. Dow (he succeeded to the presidency on his father's death in 1930) was approached about production of bromine in quantities the likes of which few in this country had ever dreamed of, the natural thing was to turn to the ocean as the source of supply.

Anti-knock gasoline was just becoming prominent at that time, and the Ethyl Gasoline Corp. wanted vast new supplies of bromine. The Ethyl people had, in fact, tried to produce it from sea water themselves but hadn't been too successful. The result was the formation of Ethyl-Dow Chemical in 1933 to produce bromine at Kure Beach, near Wilmington, N. C.

#### Use of Bromine Expands

The job this company has had to do is indicated in a few figures. This country used 1,566,000 lb. of bromine in 1925, 15,344,290 in 1934, and 32,324,116 in 1938. Most of that goes into ethylene dibromide which plays a basic part in making the tetraethyl lead mixture which goes into anti-knock gasoline.

In 1937 the Ethyl-Dow plant pumped 111,984,000 tons of sea water to recover

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some thousands of tons of bromine. But it hasn't seemed necessary to recover anything else at this works, so back to the sea flowed elements with an estimated value of more than \$135,000,000! Included in that total are about \$45,000,000 worth of common salt, \$59,700 of gold, \$34,600 of silver, and \$81,900 of aluminum.

As with bromine, Dow is going to the sea for magnesium because of a tremendous expansion in demand. This metal, one-third lighter than aluminum and only a quarter as heavy as iron, gained popular attention during the World War because in powdered form it burns with a brilliant white flame and it was used in star shells (this use is most commonly encountered in photographers' flash bulbs).

### Price Brought Way Down

For many years following 1918 there were several companies producing small quantities of the metal. However, this country used so little and Dow was doing so much the best job as regards costs that all the others dropped out one by one. Yet even Dow had great difficulty in marketing its production of magnesium. Its alloys have been widely promoted, the price has been brought down from \$4.50 a lb. in 1915 and 50¢ in 1925 to the present level of 21¢. Yet only half a dozen years ago, in order to dispose of the surplus metal which it was recovering day after day, Dow was obliged to send all its excess stocks to Germany.

Indeed, it has been Germany which has taught the world the uses for magnesium alloys in aircraft. The Reich produced an estimated 26,000,000 lb. in 1938 and 40,000,000 lb. in 1939—substantially more than all the rest of the world combined. In 1938, users in the United States bought 4,819,617 lb. from Dow; in 1939, the figure soared to 10,650,121. On completion of its present expansion, Dow will have capacity for 25,000,000 lb. a year, about half in Midland and half in Freeport.

### Even in This, Experts Are Slow

Growth has been largest in aviation. Yet this country's military experts have lived up to their traditional slowness even with regard to magnesium. It was not until last July 1 that exports were banned, and within a few weeks there were complaints because this country didn't have as much as it needed!

All the patents Dow uses in producing magnesium are its own—not German, as was implied in a Department of Justice "leak." The same applies to most of the patents for alloying and for handling the alloys. In the case of the alloy applications which were developed originally by Germany's I. G. Farbenindustrie under which Dow has obtained licenses, it grants licenses to its customers without fee.

## INDUSTRY *Speaks* FOR ITSELF



"Fourteen years ago we gave our employees their first Group Life Insurance Policies, which are now among their most treasured possessions. During these fourteen years benefits totaling \$231,700 have been paid to their families and relatives. We feel that the gift of this insurance has helped considerably to bring about the friendly relationship now existing between the company and its employees."

Consolidated Paper Company

Long-term thinking characterizes the relations between employer and employees in The Consolidated Paper Company where, for over fourteen years, employees have been protected by Connecticut General group insurance.

Significantly, the record shows that the benefits have come not alone to the employees in dollars paid for claims, but also to the company in a sound, lasting employer-employee understanding.

It is not unique with the Consolidated Paper Company nor with the paper industry as a whole that such broad benefits should come from a group insurance program. Letters from Connecticut General group policyholders in nearly every industry in the country parallel very closely Consolidated's experience in finding that group insurance benefits employer and employee alike.

It will pay you well to investigate Connecticut General's Protected Pay Envelope Plan, a practical and modern coordination of group insurance benefits. Find out from our booklet, The Protected Pay Envelope, what this plan has done for other organizations, large and small . . . find out how it can help to solve your particular problems. Have your secretary write today for your copy of The Protected Pay Envelope.

## Connecticut General Life Insurance Company

Hartford, Connecticut



Life, accident, sickness insurance,  
annuities, and all group lines



## Elliott

ADDRESSING MACHINES

### WHAT'S WRONG WITH



Air conditioning, light and heat control, cleanliness and efficiency, and in the center of it all a power stamping press which is the most noisy piece of machinery known to machine shops.

You say this is impossible? Well if you are still using a metal address plate addressing system it is true.

One metal address plate user spent over \$20,000.00 for a soundproof room and then later changed to the silent Elliott addressing system.

He not only eliminated the noise but multiplied address plate preparation speed 2 to 5 times.



A booklet telling twenty-eight other reasons why it pays to change to the Elliott addressing system will be mailed if requested on your business letterhead.

The Elliott Addressing Machine Co.  
151 Albany Street Cambridge, Mass.

## Conscription—for Employers and Employees

*Who is eligible for registration and conscription?*

All male citizens and aliens between 21 and 36 must register; all male citizens and male aliens who have declared their intentions of becoming citizens may be conscripted. (In the law, eligibles are those who have celebrated their 21st birthday but have not celebrated their 36th birthday.)

*When must they register?*

The President has proclaimed Wednesday, Oct. 16, as registration day.

*When will men actually be inducted into service?*

This is not specifically provided. It is probable that about 75,000 will be selected by Nov. 15; 325,000 more will have gone to camp by Jan. 1; another 400,000 will have been inducted by April 1, 1941.

*How long must men serve?*

The law provides specifically for 12-month service. But, after a year's service, each man is transferred to an Army or Navy reserve unit and until he is 45 years of age or has been in the reserve for 10 years or has been discharged from the reserve, he will be subject to such additional training and service as may be prescribed.

*Who is exempted from service?*

In the case of those who do not hold public office, very few individuals are given forthright exemptions; however, the bill provides that the President—through the local draft boards—may defer the service of individuals for various reasons:

1. He may defer the service of those who are necessary "to the maintenance of the national health, safety, or interest"—in other words, workers on jobs that are vital to national defense.

2. He may defer the service of those with dependents. (Actually, Army officials have indicated that all married men, regardless of the financial dependence of their wives, will be deferred from the first draft call.)

3. He may defer the service of those who are found to be "physically, mentally, or morally deficient or defective."

*Will blanket exemptions or deferments for industrial or occupational groups be issued?*

The law specifically states that deferment of service will be determined by individual case only, that no deferment shall be made of "individuals by occupational groups or of groups of individuals in any plant or institution."

*What does the law provide about giving jobs back to employees?*

Private employers must restore employees who have been called for service to the positions which they left or positions of like seniority, status, and pay unless "the employer's circumstances have so changed as to make it impossible or unreasonable to do so." This applies only to persons who leave

positions which are not temporary and who (1) receive a service certificate, (2) are still qualified to perform the duties of the position, and (3) make application for re-employment within 40 days after discharge.

The federal district courts are specifically empowered to enforce these provisions. The courts may rule that persons are entitled to back compensation for failure of employers to re-employ them.

*What must employers do about company benefits for those drafted?*

Any employee who has been drafted and restored to his position is, in the language of the law, to be "considered as having been on furlough or leave of absence" and is to be entitled to participate in "insurance or other benefits" offered by the employer according to the rules of the firm regarding persons on leave which were in effect when the draftee was selected for service.

*How is industry conscripted by the draft law?*

A manufacturer must accept orders from the President through the War or Navy Departments and compliance with such orders "shall be obligatory . . . and shall take precedence over all other orders and contracts" which the firm may have.

*How is industry conscription to be enforced?*

The President—through the Secretary of War or Navy—is empowered to take possession at a "fair and just" rental of the plant of a manufacturer who refuses to furnish supplies "at a reasonable price" or who refuses to give precedence to orders placed by the President. Any manufacturer who does not comply may be fined \$50,000 and imprisoned for three years on being adjudged guilty of a felony.

*How does the law affect the debts of conscripts?*

The conscription bill re-enacts the Soldiers and Sailors Civil Relief Act of 1918, but with the addition that individuals having contractual relations for installment purchase and sale may cancel their contracts by mutual agreement after the purchaser's service has begun.

The act of 1918 puts the matters of eviction for non-payment of rent, repossession of property, and non-payment of obligations secured by mortgages in the hands of any federal or state court "of competent jurisdiction." In general, the act sets down the rule that the court shall base its judgment on the basis of the extent to which the conscripsee's ability to pay has been impaired by his military service.

At the present time, a bill providing more extensive civil relief for conscripts is being considered by the House Military Affairs Committee. This covers not only the above but includes such matters as insurance, personal loans and notes, general debts, and taxes.



## MARKETING

ADVERTISING · MERCHANDISING · SELLING

### Milk Trust Case Ends

**Consent decree signed in Chicago provides for close watch by government over all parties.**

ALMOST TWO YEARS AGO Trustbuster Thurman Arnold instituted his second biggest case — criminal indictments against 50-odd defendants in and around the Chicago milk business, including farm groups, distributors, union officers and a miscellany of public officials, lawyers, and college professors. Since then, the case has been to the Supreme Court and back again for retrial (*BW—Dec 9 '39, p. 15*). This week it all ended amicably. The government dismissed the criminal cases. The politicians were dropped out. The milk people signed a consent decree.

The defendants were originally accused of conspiring: (1) to charge arbitrary prices for milk sold to consumers

in the Chicago market; (2) to fix arbitrary and non-competitive prices for milk brought from farmers; (3) to prevent independent merchants from selling milk in competition with the indicted firms; (4) to limit the supply of milk flowing into Chicago. The consent decree restates these charges and says in effect: "We won't do these things." All parties agree not to try to fix prices, not to use violence or coercion, not to restrain trade, and to permit free competition. If any group tries to get away with something, the others can haul him before the judge.

Major victory for the government is that all parties agree to let the Department of Justice keep close watch on them. By giving notice and stating the specific scope of the inquiry the department can, at any time, examine pertinent records, question company officers and employees. Also, it can require any one under the decree to submit whatever report it requests.

The farmers agree not to hinder milk sales by independent producers nor to interfere with distribution. Any milk dispute unsettled by collective bargaining goes to a federal judge for arbitration or to the Secretary of Agriculture for decision. The secretary gets 60 days to veto any plan for control of milk production. This is all academic now because federal milk control exists here. But if ever it is lifted, the secretary still has a hammerlock on control of production. Dealers may not fix prices by agreement, hinder other dealers, or prevent new distributors from entering business.

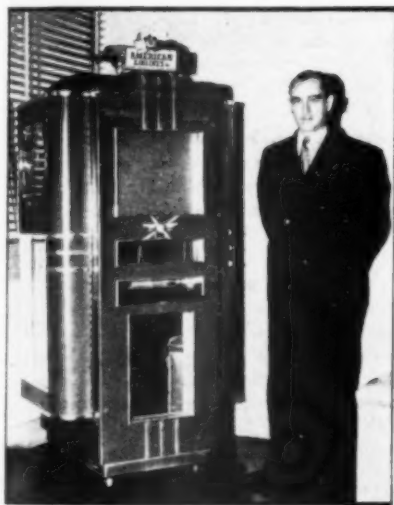
### Making Distributors Happy

Drivers agree to keep hands off retail prices, marketing, and sales methods. They may not prevent soliciting competitors' customers nor restrict the flow of milk into Chicago, nor may they restrict distributors' sales to stores, milk dealers, or vendors. Distributors are happy about this section of the decree.

Most immediate effect of the entire decree will probably be in boosting the proportion of Chicago milk sold through vendors, those independent roving merchants who buy processed milk and resell at prices to suit themselves (*BW—Sep 14 '40, p. 25*). Big companies say they have been held back by threats of strikes, but drivers now concede they cannot keep a dealer from selling to a vendor. But also this means the drivers will redouble the intensity of their current efforts to unionize the vendors.

Rumor: That Arnold's next move will be a still bigger case covering the entire field of food distribution in Chicago.

### Airmail Booster



Drop a nickel and a penny in this machine and you get an airmail stamp, envelope, and a sheet of letter paper with an airmail map of the country on the reverse side. Developed by Francis Roberts, 1738 North Las Palmas Ave., Hollywood, Calif., the machine has been installed in the Hollywood office of American Airlines, reportedly on a trial basis. The idea is to place the machines in airline ticket offices, post offices, hotels, etc., in the interest of increased airmail volume.

**DU PONT** **Enter**  
**woven**  
**CELOTEX**  
**Zonite** **Mack**  
**BAKELITE**  
**SEABOARD**  
**BARBER** **SQUIBB**  
**ANACONDA** **FLAKO**  
FROM MINE TO CONSUMER  
**BOND** **Vaseline**  
**CARBORUNDUM** **FERODO**  
**Johnson & Johnson**

### INDUSTRY NEEDS IT ... WE OFFER IT!

To produce your goods: skilled and unskilled American workers . . . intelligent, loyal. Full educational, recreational, health facilities for all.

To ship your goods: four trunk line railroads, America's greatest highway system, excellent river frontage, deep waterways, 30 foot channels.

To buy your goods: rich markets of New York and Philadelphia . . . former 30 miles away, latter 60. Overnight your trucks reach 22,000,000 people earning 26% of nation's income.

Low cost heat, fuel and power—night utility rate only 6 mills/KWH. Prime industrial properties available at country rates.

Government here is cooperative, real estate taxes at rock bottom. No corporate earnings or personal income tax. Investigate!

Telephone New Brunswick 553 or address:

**PETER M. KROEGER**

Industrial Commissioner, Board of Freeholders  
New Brunswick, New Jersey

### SPECIAL!

Now priced for immediate action: eight municipal owned sites. Unique advantages. Write today.

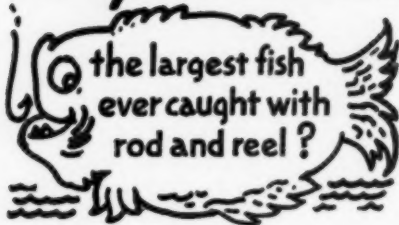


**MIDDLESEX  
COUNTY, N. J.**

A SHORT-CUT TO  
THE PRIMARY MARKETS  
NEW YORK and PHILADELPHIA

STRATEGICALLY ANSWERS PRODUCTION  
AND DISTRIBUTION PROBLEMS

# Do you know...



The fish industry had a problem when it put on the market the now popular, delicious fillets. The problem was to find a wrapper that would not go to pieces from contact with moisture and the natural oils of the fish. Patapar turned out to be the ideal wrapper. Patapar is like paper, but a scientific process welds its fibres tightly together, so that it is resistant to both moisture and grease. **Patapar can be wet or dry, greased, boiled, frozen — it does not disintegrate.**

The meat, dairy, and produce industries also rely on Patapar to solve specific problems. The medical profession is turning to it. Tool and machine parts manufacturers, florists, and canners (to mention just a few) use Patapar.

Perhaps this remarkable sheet of moisture-and-grease-resisting Patapar can help solve a problem in your business. If you will write us on your company's letterhead, we'll gladly send samples. Be sure to tell us the use you have in mind so we can furnish test sheets in the size, weight and finish recommended for your purpose.

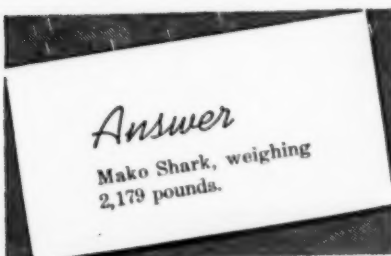
## Patapar Vegetable Parchment

Reg. U. S. Pat. Off.

**Paterson Parchment Paper Company**  
Bristol, Pennsylvania

West Coast Plant: 340 Bryant St., San Francisco  
Branch Offices: New York, Chicago

Headquarters for  
Genuine Vegetable Parchment since 1885



## Nylon Toothbrush, 25¢

Still holding exclusive du Pont franchise, Weco steals a march in the lower-price field.

TOOTHBRUSH MAKERS have been in a dither for months. Combining to unsettle their nerves have been three major influences. Sales were shrinking. Nobody was sure just what du Pont would do about licensing its synthetic bristles when Weco Products Co.'s exclusive franchise expires late this fall. And big, potent Pepsodent Co. was known to have in hand a new brush which it would presently start pushing against the existing advertised brands (*BW—Jun 29 '40, p. 30*).

This week the atmosphere began to clear, or storm clouds began to roll up—depending on the point of view. Weco had \$27,500 worth of full-color spread in the current *Saturday Evening Post* telling the world of its new brush, Dr. West's "25." The item retails at 25¢. will be plugged in full-page full-color magazine and newspaper advertising that adds up to impressive totals. The new "25" is advertised in terms intended not to rub the bloom off its synthetic-bristled big brother Miracle-Tuft, biggest-selling advertised brand, fair-traded at 47¢. At the same time Weco obviously intends to permit no shrinkage in total sales of its brushes.

### Where They Differ

Dr. West's "25" is advertised as being made with nylon, not exton, although the only differences between the "25" and the Miracle-Tuft are (1) caliper of the bristles, (2) weight of the handle, and (3) price of the brush. The distinction in the use of the words nylon and exton recalls the policy which du Pont announced last spring but withdrew after the Supreme Court's decision in the Ethyl gasoline case. According to the terms of that former du Pont policy, established to cover use of exton after it became generally available in the toothbrush field, manufacturers would have been expected to use the word exton only in connection with brushes not sold below 47¢ and nylon on brushes not sold below 39¢.

Arriving on the market a couple of months before anyone else can sell a nylon brush, the new Dr. West product supports earlier guesses that du Pont would not get too tough with Weco Products. After all, du Pont makes all the Dr. West brushes that Weco sells and that represents one-third of all toothbrushes made in the U. S.

The two-bit nylon item is in direct competition with Dr. West's hog-bristle waterproofed brush, which it is expected to displace by dint of advertising pressure and because synthetic bristles wear longer and do not soften up when wet. More significant in terms of competition,

"25" sets a quality standard which should make Pepsodent's task no easier if, as expected, its as yet unannounced toothbrush is aimed for the same medium-price sector of the market.

Weco also seems to be serving notice of intention to fight it out item by item when and if Pepsodent undertakes its long-projected department of complete dental needs. In fact, Weco is taking the initiative with another *Post* color spread on Oct. 12. This will announce a new 50-cent dentifrice, Vray—"Not a Liquid! Not a Paste!" Vray will be price-maintained at a minimum of 47¢, will come 6 oz. to the package as against 3½ oz. for several other prominent dentifrices in this price range. Like the new "25" toothbrush, Vray will be energetically pushed with full-color, full-page magazine and newspaper advertising that runs into important figures. The copy leans heavily to emphasizing an electric-eye test showing neglected teeth 25% whiter after one use.

## Meat Campaign Ready

Nation's packers spending \$2,000,000 on advertising aimed at greater per-capita consumption.

THE TWO-MILLION-DOLLAR-A-YEAR advertising campaign for the meat industry (*BW—May 25 '40, p. 4*) will break with a color spread in *Life* for Sept. 27, followed by copy in 15 other magazines and 150 newspapers. The Institute of American Meat Packers is paying the bills from a special fund subscribed by advertisers, but for simplicity is signing the advertisements "American Meat Institute." A good guess is that the official name will soon take that form.

Two months ago the industry began advertising in professional journals to bring physicians, dentists, and allied occupations abreast of recent discoveries about meat (*BW—Mar 16 '40, p. 27*). Medical opinion of the virtues and the drawbacks of meat has been radically revised in the past five years, all on the side of its more liberal use.

### Advertising Stresses Vitamins

The consumer advertising plays up the "Accepted" seal of the Council on Foods, American Medical Association. It hammers on such themes as that "vitamins can be purchased more economically at the meat counter," and that "meat is good for you—ask your doctor." Promotion to the retail trade centers on the idea, "Get her for the meat and you get her for the meal."

What stirred the packers to ponying up \$2,000,000 was the realization that per-capita meat consumption had fallen from 162 lb. in 1908 to 131 lb. in 1939, and that since 1920 meat production had been lagging and population levelling off.

Advertising promotion of other foods

by manufacturers has helped to relegate meat to a secondary position. Although meat gets 20% to 33% of the average family's food budget, only 17.8% of retail food advertising is on meat.

Preliminary field investigations turned up dozens of beliefs that left packers shivering in their boots, softened them up for advertising cooperation which will endeavor to prove that these popular credos ain't so. Sample shockers: Housewives assign meat fourth place for ease of digestion, and more than half of them think people eat too much meat. Of all unmarried women, 83.5% think meat should not be eaten more than once a day. Four out of five people put meat at the top of the list of foods that they assert are too high in price.

## Meat Prices Defended

Packers and retailers reply to Miss Elliott's statement about reports of "unwarranted increases."

BUSINESS MEN had been classifying Miss Harriet Elliott, Consumer Adviser on the National Defense Advisory Commission, as just one of the boys because of her quiet, common-sense management of her job and her staff (BW—Sep 7 '40, p22). Last week they began to wonder. Their doubt came with a comparatively spectacular story in newspapers under a Washington dateline. "Reports of sudden and unwarranted increases in retail meat prices" were flooding in on Miss Elliott "from all parts of the country," and Ben Lewis, head of her Economic Section, was conducting an investigation.

Meat retailers were indignant at the implication of profiteering, and packers asserted that it looked silly in view of another official government release only two days earlier. Economists of the Department of Agriculture, old hands at livestock and meat prices, had at that time pointed out that meat prices had risen in recent weeks, probably would decline after mid-September if they followed the usual trend. The D. of A. pointed out that meat prices as a rule increase in August, ascribed the rise to increased consumer demand and reduced marketings of livestock. According to the D. of A. economists, most people eat more meat while on vacation.

### Keener Appetite, Packers Say

Packers chorused a pious "amen," added explanations for laymen. They claimed August's abnormally cool weather sharpened appetites for meat just when one crop of livestock had been pretty well sold and eaten, and just before the next year's crop was ready for marketing. They pointed to another D. of A. release a couple of days after the Elliott-Lewis blast, which showed that in the week before their retail dealers were being publicly panned for high

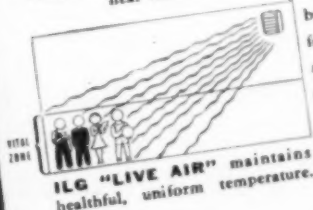
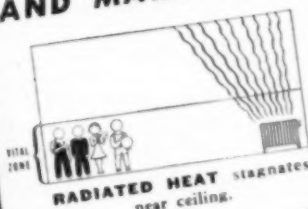
ARE YOUR  
HEATING COSTS

*Worse than  
Taxes?*



SAVE 8 WAYS  
AND MAKE SURE YOU HEAT THE

*Vital Zone*  
WHERE PEOPLE WORK AND PLAY



If you're pouring out overhead dollars trying to keep your building at a comfortable Winter temperature with old-fashioned radiators or pipe coils, get wise to new developments! Learn how ILG Unit Heaters take a minimum amount of heat and distribute that heat evenly and efficiently down into the "Vital Zone" where you want and need it!



## HERE'S HOW YOU SAVE

ILG Unit Heaters start right out by knocking down your fuel bills from 15 to 25%. You save 100% on floor space, 5 to 10% on power costs. Add to this the savings in time every day on heating up your building . . . elimination of wasted heat stratified at the ceiling or flooding out open windows . . . slashing of labor costs in installation, maintenance and fire-tending . . . increased efficiency of employees . . . no deterioration of stocks from intense radiated heat or sudden temperature changes! Interest-

ing to you?—then get the whole story on how these rugged, quiet, powerful, stream-styled ILG Units are performing heating wonders for thousands of American businesses today. Write, wire or phone us today!

## EXCLUSIVE ILG MOTOR NEVER "Slow Roasts"!

Through an ingenious, exclusive ILG development you get all the protection of a fully enclosed motor, all the savings in operating costs of an open motor! As illustrated, this self-cooled miracle motor actually "breathes", counteracting coil heat which otherwise would "slow roast" the motor. And, by manufacturing the unit complete, including motor, you get the famous ILG "ONE-NAME-PLATE" guarantee—undivided responsibility!



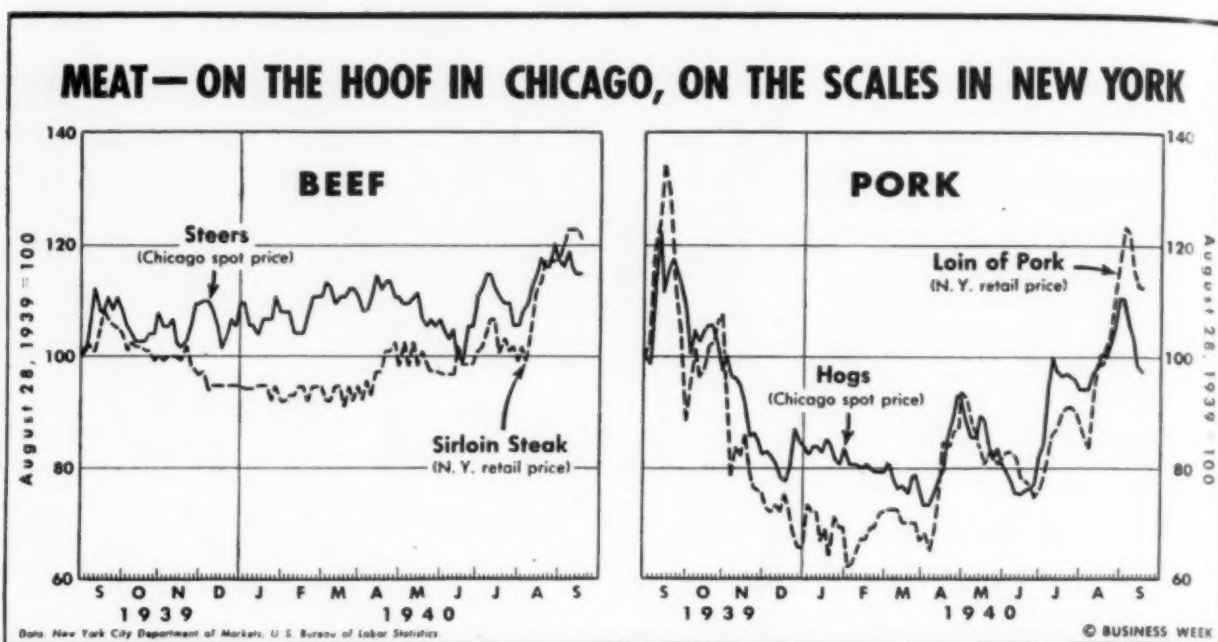
WRITE TODAY FOR FREE BOOKLET . . . showing how you can improve your heating methods and lower costs. Ask for Catalog No. 128.

ILG ELECTRIC VENTILATING CO.  
2888 N. CRAWFORD AVE., CHICAGO, ILLINOIS  
OFFICES IN 42 PRINCIPAL CITIES



UNIT HEATERS





Figures don't lie—except when you talk about meat prices, say the packers, and then they are apt to, for

they take no account of quality differences. Accurate or not, they will be politically persuasive this year.

prices, the wholesale price of meat had declined in the first ten days of September: fresh lamb by 13%, veal by 4%, fresh beef by 3%, and pork loins by 17%. Packers also underlined the Consumer Adviser's emphasis on choicer cuts such as round steak, snorted that any beginner ought to know that, with payrolls higher, increased demand for the choicer cuts would hike up these retail prices.

Meat-price statistics are tricky going for anyone who tries to trace them beyond the wholesale markets. It takes a meat expert rather than a statistician to know the quality of a given cut, and whether it is properly comparable with the cut for which he has prices as of last week or the adjoining state. Also, various retail cuts jump around erratically in price. It depends upon assorted factors. In summer the housewife wants cuts she can cook quickly without heating up the kitchen, will buy stew meat and soup meat only if they have been marked way down. The retailer, to get his money out of the side of beef or the carcass of lamb or pork, sets his prices according to his judgment of his situation.

### NBC Program Costs

COST of the new five-minute programs, which Nash is inaugurating on the Blue network of the National Broadcasting Co., figures out to 20% of the hour rate rather than 25% of the half hour rate as previously reported. Similarly, the price of the remaining 25-minute period is 50% of the hour price rather than 50% of the half-hour price. Regular charge for the standard half-hour program remains at 60% of the hour rate.

## Photo Films in Groceries for Keeps

**Standard Brands, with thousands of outlets, plans further extension of service to camera fans, and druggists find invasion of their special province is finally a fact.**

BACK IN THE EARLY 1920's, Eastman Kodak Co. and Agfa Ansco Corp. (now a division of the General Aniline & Film Corp.), in looking around for a uniform retail outlet with which they could blanket the country, hit on the idea of distributing film via wholesale drug jobbers. Since then, the photo film and finishing business has established itself as a special preserve of the corner druggist.

Among those who looked most jealously on the druggists' happy hunting ground were the retail grocers. The film and finishing business goes into high during the summer vacation months when grocery sales slump. Films were a natural to help grocers at that season.

But nothing happened until 1934, when the Kroger Grocery & Baking Co. began selling film experimentally in its retail stores in Cincinnati (the company's home office). Druggists weren't much worried, for Kroger was a lone Indian and the company's film business was nothing but a trickle until 1938, when it was expanded to include most of the bigger Kroger outlets. But in the spring of 1939 American Stores Co., in Philadelphia, the Grand Union Tea Co., in New York, and a group of 300 independent grocers in Baltimore entered the film business. During the past summer, the trend toward film in grocery stores became a

stampede. Economy, Red & White, and N.R.O.G. were among a score of chains which took the jump.

The druggists began to feel the pinch last winter when it became known that a Goliath among U.S. food manufacturers—Standard Brands—was going to put films on its rapid-delivery trucks (*BW—Feb's 40, p. 22*). Since then, the druggists have been agitated for two reasons: (1) Practically every grocer in the country is now automatically in line for films, which have been limited chiefly to corporate and voluntary chain outlets; (2) Standard Brands is distributing Eastman and Agfa film; grocers have been forced to get along with less-known foreign or domestic brands.

### Retail Outlets Multiply

This week, after a full summer's experience, Standard Brands cinched the deal by announcing that it is in the film business for keeps. Just how good business has been, the company isn't saying, but its retail film outlets—which were in the hundreds last June—are in the thousands now. Distribution has spread since February (not counting a test campaign in Poughkeepsie, N. Y., in the late summer of 1939) from a small area around New York City to include the Atlantic seaboard from New England to

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North Carolina and territory as far west as Michigan and part of Ohio. By next summer Standard Brands expects to have pushed films into grocery stores in the Rocky Mountain states.

Standard Brands service includes finishing, as well as distribution, of film. So far the company has only one finishing plant, located in the New York metropolitan area, but plans are to add others before the 1941 summer season.

Wrapped around the rolls of film which the Standard Brands delivery trucks supply regularly to grocers along with the company's other products is a small cloth sack. Attached to the sack is a label addressed to Stanbi (contraction of Standard Brands, Inc.) Photo Service, with a place for a 1½¢ stamp. On the reverse of the label is a blank space for the sender's name and address. When Standard Brands receives the roll, in the sack, the films are printed, enlarged, and put back in the mail within 24 hours. Total cost for developing and printing is 25¢, which is mailed with the roll.

Standard Brands' 25¢ price for finishing a roll is in line with fees charged by outfits already in the business. But Standard Brands' prints are almost-double enlargements, and the company sends a refund when negatives are not printable. Charge is the same for a regular roll of eight exposures or for a split roll which gives 12 to 16 negatives.

#### Getting Film at Regular Prices

Interesting angle is Standard Brands' use of Eastman and Agfa films. Heretofore, under pressure from druggists, the big film companies had not gone after the grocery distributors. Kroger has been selling Gevaert (Belgian) film. Eastman and Agfa have denied that they are supplying Standard Brands. Of course, they can't restrict their jobbers, and the grocers are getting the film at regular, fair-trade prices. Standard Brands doesn't seem to be worried about having its source of supply cut off. It is distributing only the most popular film sizes (116, 120, 127, 6-16, and 6-20), which retail around 25¢ a roll.

So far there are no indications that Standard Brands' big competitor, General Foods, will make a play for the film market. General Mills, which cooperates with Eastman in production of vitamin concentrates (*BW*—Apr 6 '40, p. 40), also has kept hands off. The Great Atlantic & Pacific Tea Co. announced flatly a year ago that it would not distribute film.

#### Nylon Prices Rising

WITH CONSUMERS and retailers demanding more nylon stockings, manufacturers have only been able to get enough yarn to make up less than 10% of their total production (*BW*—Sep 14 '40, p. 41). As a result, four major manufacturers—Julius Kayser, Phoenix Hosiery, Holeproof Hosiery, and Mock, Judson, Vochringer

## Hasn't this been going on long enough?



**Back in 1810.** Great Grandpa Abner Grigsby had a male secretary who took down his dictation with a new-fangled system of pothooks. Grandpa allowed it wasn't a very good arrangement. The secretary couldn't really do much to help him and protect him from interruptions while he was sitting there taking dictation. Both of them were bothered continually, and work was held up.

**Today** old Abner's grandson has inherited the business—now modern in all respects but one. He is still struggling with antiquated two-person dictation! Isn't it time the Grigsby Co.—and a lot of other businesses—decided to drop old-fashioned ways? Once they sample the convenience and the time-saving ease of the Dictaphone method, they're seldom satisfied with anything else.



**TODAY** Dictaphone is helping thousands of busy executives to do the things that need doing—when they should be done! For this modern dictating machine adjusts itself at once to immediate needs. It enables executive—and secretary—to do more with less effort . . . and to carry jobs through with fewer interruptions. That's the modern way—that's the Dictaphone Method. See the new Dictaphone movie, "What's An Office. Anyway?" which shows how Dictaphone speeds up office routine. Or try Dictaphone yourself. Movie or actual test . . . there's no obligation on your part. Just clip the coupon—and mail it today.

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—have now upped prices on their own brands of nylon. Increases range from 75¢ to \$1.50 a dozen. And they have followed the lead of Berkshire Knitting Mills, which withdrew its cheapest nylon line, retailing at \$1.15, as long ago as last July.

Two big manufacturers—Gotham Silk Hosiery Co. and Van Raalte—are standing pat, however, and claim they won't adopt higher prices unless they're forced into it. Smaller manufacturers are waiting until all the big ones have taken the leap before they move.

### Grade-Labeled Fruit

IN CELEBRATION of its seventieth anniversary, the C. D. Kenny Co. of Baltimore, Md., last week announced that it would distribute a complete line of Grade A canned fruits, packed under continuous supervision of Department of Agriculture inspectors in the California plants of Schuckl & Co. and U. S. Products Corp. Line will carry Kenny's name, but labels will read: "U. S. Grade A (Fancy). This grade officially certified by the U. S. Dept. of Agriculture. Packed under continuous supervision of the Agricultural Marketing Service of the U. S. Dept. of Agriculture."

Interest centers in the fact that Schuckl and U. S. Products are the first packers to accept the Department of Agriculture's grading and inspection program. When they went over to United States government grade labels early this summer there was plenty of speculation as to who distributors would be (BW—Jul 6 '40, p. 44).

## NATIONAL DEFENSE

### Cantonments Rising for New Army

**Work at Fort Dix forecasts methods to be used at other camps. Buildings patterned after those of last war; 98 projects "in progress" or about to begin.**

AFTER MANY FALSE STARTS, the dust is beginning to fly in the building program for the new army. Largest cantonment order to date is Fort Dix (formerly Camp Dix) in the New Jersey pine belt. General contractor for the \$5,531,000 job is George A. Fuller, Inc. Last week 2,500 workmen swarmed over the site raising a vast saw and hammer symphony; at the peak there will be 4,000.

The contract calls for completion within 90 days of the Sept. 1 start. By Dec. 1 the contractors must have 862 buildings ready for 22,000 men and officers of the New Jersey National Guard's 44th Division. A penalty clause spurs the work.

In addition to the Fuller contract, New Jersey bidders received awards last week for a 40-building hospital unit, two theaters, 14 miles of roads, storm drainage, extension of water, sewer, and electrical systems, the whole to cost \$1,713,000.

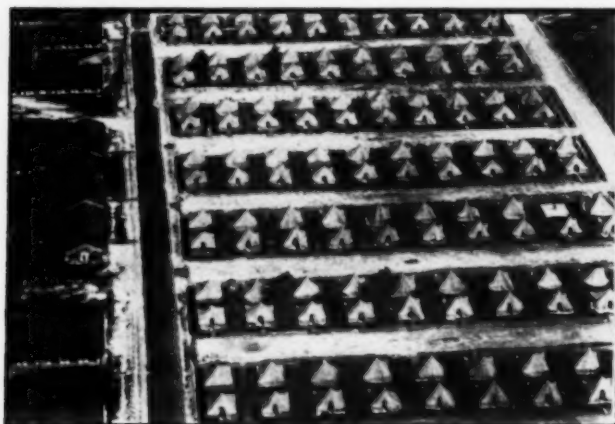
Details forecast how similar jobs will be handled at other camps. Structures

are to be of wood, and temporary. They will resemble the buildings erected on the 7,843 acres for World War No. 1. Practically all will have rolled (asphalt-impregnated composition) roofing, and gypsum-board insulation. They won't be painted and there will be no fireproofing since all buildings will be low.

Heat will be furnished by hand-fed warm-air coal furnaces, with fans and heat ducts (but without cold-air ducts for circulation). These will range from elaborate installations for large structures down to small ones for the 336 barracks accommodating 63 men each.

#### Meanwhile, Tents Will Be Used

Prefabrication will be ignored—except, of course, for such standard items as door and window frames—but power will be generously used by field shops now being set up all over the lot. Concrete forms will be manufactured on the job and lumber will be milled as needed by both stationary and portable equipment. While the workmen are doing their stuff,



International



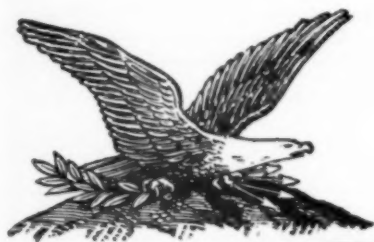
Acme



Acme

Construction work got under way at Fort Dix on Sept. 1. By Dec. 1 contractors must have a town of 862 buildings ready to house the New Jersey National Guard's 44th Division. Though the first troops to arrive for field training Oct. 1 will live in tents, new barracks are going up in double-quick time. Fort Dix will have 336 barracks, ten regimental, and 132 company recreational halls, 147 storehouses, 124 mess halls, 15 administration buildings, 11 guardhouses, eight garages, three fire stations, two theaters, a 40-building hospital unit, and ten infirmaries.





## 116 Years of Insuring Property Values

ASSETS		LIABILITIES	
Cash in Banks and Trust Companies . . . . .	\$ 5,633,953.58	Reserve for Unearned Premiums . . .	\$10,217,865.04
United States Government Bonds . . . . .	9,561,838.63	Reserve for Losses in Process of Adjustment . . . . .	1,507,397.00
Other Bonds and Stocks . . . . .	17,308,798.98	Other Liabilities . . . . .	761,468.39
Mortgage Loans on Real Estate . . . . .	261,672.51	Mortgage Reserve . . . . .	50,000.00
Real Estate . . . . .	368,217.38	Capital . . . . .	\$ 2,000,000.00
Premiums in Course of Collection (Not over 90 Days) . . . . .	1,131,357.81	Net Surplus . . . . .	20,008,202.65
Bills Receivable, Not Due . . . . .	158,085.93	SURPLUS TO POLICYHOLDERS . . . . .	22,008,202.65
Interest Accrued . . . . .	75,788.57		\$34,544,933.08
Other Assets . . . . .	45,219.69		
<b>TOTAL ADMITTED ASSETS . . . . .</b>	<b>\$34,544,933.08</b>		

On the basis of December 31, 1939 Market quotations for all Bonds and Stocks owned, the total admitted assets and surplus would be increased by \$730,579.39. Securities carried at \$3,200,590.35 in the above statement are deposited as required by law.

FINANCIAL STATEMENT AS OF DECEMBER 31, 1939

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The fast new turbine-drive *Awatea* joins the distinguished *Aorangi* in a regular monthly service from Vancouver to Hawaii, Fiji, New Zealand, Australia. Connections at Honolulu from California ports. Approved for U.S. citizens. Your travel agent or Canadian Pacific: 41 offices in the U.S. and Canada.

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the men of the 44th will be quartered in wood-braced tents. Hope of all is for mild November weather.

Scope of the Army's temporary housing program is shown by a list of 98 projects "in progress or in the process of initiation" released on Sept. 12. They total \$70,300,000 and range all the way from the Dix contract down to a \$1,600 tent camp. The larger awards include \$3,443,000 for Chanute Field, Ill.; \$2,476,000, Ft. Knox, Ky.; \$3,300,000, Kisatchie National Forest, near Camp Beauregard, La.; \$2,114,000, Camp Jackson, S. C.; \$2,176,000, Fort Bragg and Pope Field, N. C.; \$3,377,000, Camp Custer, Mich.; \$3,410,000, Ft. Benning, Ga.; \$3,400,000, Camp Blanding, Fla.; \$3,300,000, Camp Shelby, Miss.; \$2,414,000, Camp Ord, Calif.

### Thumbs Down on Salvage

With all this federal demand for lumber, the government's Northeastern Timber Salvage Administration (*BW—Dec 9 '39, p. 24*) thought it saw a chance to unload some of the 660,000,000 board feet recovered from New England's tropical hurricane of 1938. Apparently the answer is "No." George A. Fuller turned thumbs down on this lumber for Ft. Dix because it is twisted and knotty, and because it is more economical to buy in the South. This leaves the government with three possible courses: (1) to close with private bidders who would take over and market the timber, (2) to accept an offer by lumber wholesalers to sell it on commission, or (3) to continue to hold it and sell it in small lots as at present. (New England lumbermen are gratified because Fuller upheld their contention that the salvage was not up to the government's severe requirements, but they still jump at mention of this ominous threat to their markets.)

The muddle over the Army's building program is gradually clearing. There is roughly \$128,000,000 available for temporary construction. It was included in the \$5,000,000,000 appropriation signed Monday of last week. Work already started ran on money from the President's emergency fund which now will be repaid from the \$128,000,000.

### Cost of Housing Army

This appropriation will shelter 95,000 regulars, 200,000 national guardsmen, 100,000 first-aid conscripts. The force will be divided 50-50 north and south of North Carolina's southern boundary. Below this line, men will be housed in tents on wooden floors at a cost per soldier of about \$285. North of the line, there will be standardized wooden barracks, costing about \$400 per man. Cost of the draft armies will be considered on about the same basis.

This temporary housing will be built almost entirely by contract on a cost-plus-fixed-fee basis. The Quartermaster Corps will let the contracts through a

civilian board. Several thousand contractors and their qualifications have been indexed to speed up the awards.

## Navy Prefabricates

**Standard housing plan gets tryout in 50 one-family units being erected at Norfolk base.**

WHILE THE ARMY has thus far apparently turned its back on prefabrication (page 34), the Navy is making full use of the principle in experiments designed to provide cheap, quick housing for men in and out of uniform.

A survey indicates that 18,000 dwelling units will be needed for married enlisted personnel and 48,000 units for civilians in naval defense activities (both Navy establishments and private plants). Rear Admiral Moreell, chief of the Bureau of Yards and Docks, anticipated the problem by investigating all government experiments in low-cost housing. The bureau developed standard floor plans for single and two-family units. These are varied as to partitions and exterior treatment, some being designed for the tropics. They can be built of wood, metal-lumber, prefabricated steel, or other materials.

The "trial run" for this dry-land project involves 50 one-family units now being built by the Navy at the Norfolk operating base. They have two bedrooms, a living-dining room, kitchen, bath. There is a combination house-hot-water gas heater, gas cook stove, electric refrigerator, kitchen cabinets, etc.

### Work on Lot Cut to Minimum

Original cost was estimated at \$1,993 each. Indications are that this will be bettered. Contract was awarded Aug. 8 and is scheduled for completion next week. With the present setup of plant and trained crew, Admiral Moreell thinks he can produce 20 houses daily at much lower cost.

Framing for outer walls and partitions is set up on jig tables with sash, doors, outside insulating boards, wire mesh in place. These complete sections are hoisted by a crane onto the foundations. Plumbing "rough in" also is prefabricated and the complete assembly set in by a single operation.

The system permits continuous "factory" production of component parts and reduces work on the lot to a minimum. Admiral Moreell says it is of special value at locations where there is a scarcity of skilled building labor. In such cases the "factory" can be set up outside the "zone of operations" and the prefabricated units delivered to the site, reducing man-hours on the building lot and costs to the minimum. Already naval establishments and private companies rushed with Navy orders are beseeching the admiral to help them out on housing.

## LABOR AND MANAGEMENT

## NLRB Reverses

Observers find Puget Sound decision significant in light of the Labor Board's internal troubles.

WHEN A.F.L. longshoremen abandoned their strike in the three Puget Sound ports of Tacoma, Port Angeles, Anacortes and went back to work over the weekend (*BW*—Sept. 14, p. 52), it had considerable regional significance. It created the possibility that Harry Bridges' C.I.O. union might lose the right to bargain with employers for contracts covering longshore operations in the three northern ports which are dominated by the A.F.L., and it proved a hypodermic to the growing group within Bridges' union who have been urging a revolt against him, particularly in Seattle.

But beyond its regional implications, the basis on which the strike was liquidated made a lot of people draw in their breath. The NLRB had agreed to reconsider a two-year-old order stoutly held to in the face of hell and high water. It was the 1938 decision, lumping the whole 1,500-mile Pacific coast line into a single bargaining unit and giving Bridges' union sovereignty over it, on which the Board appeared to be backtracking.

## Victory over Zealotry

But it wasn't only the board which was playing crawfish. A lot of so-called labor experts were eating their words. When Board Chairman Madden's term expired and the President stalled on a new appointment, prophecies were rife that the two-man board remaining would stalemate itself into inactivity as Members Leiserson and Smith deadlocked. The Puget Sound decision is as important a ruling as the board has ever made and it represents a clear-cut victory for the moderate, scholarly, Leiserson over the crusading, C.I.O.-minded Smith. It seems to prove that, with Madden absent, the logician can convince even the zealot.

Behind the President's hesitation to rename Madden—backed by the C.I.O.—or appoint a successor, has been a confusion of practical considerations, clumsiness, and Washington intrigue, the details of which are only now coming to light.

When the President appointed Leiserson, it was with the understanding that he would name a new man in Madden's place at the expiration of his term. Leiserson wanted to be sure that he would not be relegated to permanent minority status on the board, and the President assured him that he would shortly have a like-minded colleague. As Madden's term expired, Roosevelt offered the post to John Winant, former Republican gov-



## ALLEGHENY LUDLUM STEEL CORPORATION

MAKERS OF ALLEGHENY METAL, MATCHES THE DURABILITY OF ITS NEW BUILDING WITH A

## Carey BONDED BUILT-UP ROOF

The new Chicago warehouse and office of the Allegheny Ludlum Steel Corporation is modern and efficient in every detail, and of most pleasing appearance. To insure a roof in keeping with its permanent character, the builders chose a CAREY Specification No. 4 Built-Up Roof.

CAREY Roofs last years longer because they are backed by 67 years' experience in the manufacture of roofing materials. CAREY Roofing Products and service are quickly available everywhere through a nation-wide organization. Send for "Specifications for Bonded Roofs"—address Dept. 29.

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tory-trained Page distributors and erectors in 97 cities is a local, responsible business man from whom you get expert advice and workmanship. Write to PAGE FENCE ASSOCIATION, Bridgeport, Conn., Atlanta, Chicago, New York, Pittsburgh or San Francisco for book, "Fence Facts," and name of nearest representative.

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Please send me your industrial brief on Jacksonville.

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ernor of New Hampshire, first head of the Social Security Board, and presently chief of the International Labor Office of the League of Nations. Winant turned it down.

The next step was an offer of the job by Secretary Perkins to Harry A. Millis, retired head of the Department of Economics of the University of Chicago. Millis was interested, but told Miss Perkins that he would like to have the President ask him, ostensibly to get straight with Roosevelt himself how much backing he could expect from the White House in cleaning out some of the undesirable elements in the board's staff. Miss Perkins is reported to have given Roosevelt the impression that Millis had refused the post.

### Pressure for Madden

Senator Thomas, chairman of the Senate's Education and Labor Committee, is supposed to have told Roosevelt that Madden should be reappointed and that confirmation would be easy. Then Representative Abe Murdock, who got extensive C.I.O. support in his victorious campaign in the Utah senatorial primary against Senator King, informed the White House that his victory proved that the voters wanted Madden reappointed.

What it all added up to was powerful pressure on Roosevelt in favor of Madden, while the A.F.L. and business groups who contemplate another Madden term with horror did very little to make their feelings known.

Why the President was reluctant to come to a decision was explained by (1) his eagerness to have Congress adjourn and his skepticism about Thomas's ability to get quick confirmation, and (2) his unwillingness to lose Leiserson, for it was clear that if Madden were reappointed Leiserson would ask to return to his chairmanship of the National (railway) Mediation Board. If Millis would take the job, confirmation would be simple as no labor group could oppose him on his record and business would welcome him as a moderate. And with Millis on the board, Leiserson would stay.

### What Will Happen to "Radicals"?

Of scarcely subsidiary interest was the question of how the entire organization of the NLRB would be affected by the decision on the third board member. Speculation is particularly keen about the fate of Secretary Nathan Witt, branded as a communist by some of his fellow bureau members, and Research Director David Saposs, also accused of radicalism but of an anti-communist nature. If the Leiserson faction got the upper hand, the betting was that Witt would find himself rapidly out of a job, but that a strong fight would be made to keep Saposs, despite the continuing demand of various Rep-

resentatives for his scalp (BW—Aug 10 '40, p47). If someone of Madden's stripe were named, the Witt-Saposs roles might be reversed.

## Co-op on the Rocks

**Hosiery mill faces receivership because union won't let worker-owners cut their own pay.**

THE FATE which seems to dog producers' cooperatives in America closed in on Philadelphia Hancock Knitting Mills this week. Last November (BW—Oct 14 '39, p52) unemployed Philadelphia hosiery workers decided to create their own jobs by going into business for themselves. Under an ownership-sharing, profit-sharing plan they made a deal with the Ninth Bank and Trust Company and took possession of a mill abandoned by the Interstate Hosiery Company.

In March, after being picketed, they signed a contract with the American Federation of Hosiery Workers, the C.I.O. union to which they all belonged, in which they agreed to pay themselves union wages. By May, unable to fill orders and pay union rates, they shut down temporarily. Pending business was cancelled as the cooperators' representatives sat down with their union officials to argue the question of whether the worker-owners could cut their own pay below union scale. The co-op's claim that they had an investment at stake in the enterprise was balanced by the union's contention that a wage reduction would undermine standards throughout the industry and make all hosiery workers suffer.

### Union Uneasy about Move

Negotiations were fruitless and the enterprise faces bankruptcy, since the union has ruled definitely against a wage cut. Six major creditors are moving to salvage their interest by initiating receivership action against the \$250,000 co-op. Influencing the union's final decision was the belief that Hancock's machinery was antiquated.

The union is not comfortable over the effect of its stand which, barring the unexpected, will push its co-op-minded members into the ranks of the unemployed. It justifies its action by citing the need to keep an already sick industry from suffering further maladies induced by cut-throat competition.

## For Transferred Executives

HURRY-UP IN NATIONAL DEFENSE has meant new assignments in distant cities for an increasing number of business men. Transferred Executives Guild, the home-swapping service evolved by Miss Doris Carley of Carley Realty, West Newton, Mass. (BW—Mar 30 '40, p29), has widened its facilities for aiding those

who must find new homes on short notice. Originally, the organization limited itself to helping those who wanted to buy, sell, or do both. This week William Guild, an associate of Miss Carley, announced that Transferred Executives Guild was prepared to handle the problem of finding rental homes, too. According to Mr. Guild, "the employer pays a modest fee, which he saves many times over by eliminating waste motion and lost time."

### C.I.O. Is C.C.L. in Canada

A NEW COMBINATION of initials—C.C.L.—appeared in the labor book last week as C.I.O.'s Canadian units entered a marriage of convenience with the All-Canadian Congress of Labor. The merger will be known as the Canadian Congress of Labor.

Claiming to represent 100,000 Canadian workers, the new organization seems to be in for internal friction as the charge has already been leveled by some A.C.C.L. officials that the C.I.O. boys "stacked the cards" to ensure a joint convention's acceptance of the merger. Canadian A.F.L. unions and railway brotherhood organizations have always considered the A.C.C.L. a "rump outfit."

If the marriage sticks, the C.I.O. in Canada has added an estimated 25,000 A.C.C.L. members, largely in the miscellaneous trades, to its units in auto, steel, coal, and metal mining to comprise Canada's second largest national labor body. First act of the new organization will be to make a bid to the Dominion government for recognition as the "official voice of Canadian industrial labor organization."

### Farmers Break Strike

NOVEL but apparently successful measures were used to break a strike of 1,500 A.F.L. cannery workers in Stockton, Calif., last week. When union members walked out of the Flotill Products Co. cannery at the height of the tomato-canning season, Mrs. Tillie Weisberg, company president, first invited the union's business agent to help run the cannery for a week "for the benefit of the workers and the firm." When the offer was rejected, Mrs. Weisberg asked tomato growers to lend a hand. More than 50 responded and set to work turning 25,000 boxes of tomatoes into tomato paste under supervision of the plant's executives. While pickets patrolled the cannery, the job was completed.

The union claimed the firm had violated a labor contract by neglecting to pay the piece-work scale established in it. The company claimed workers neglected to appeal to the joint grievance adjustment board set up under the agreement. Early this week a compromise was reached, and union members returned to work.

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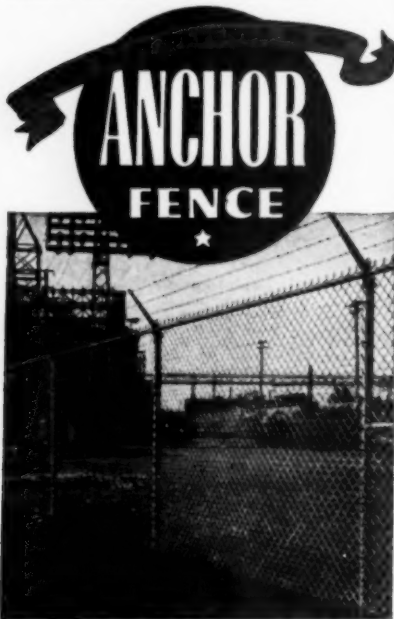
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## PRODUCTION

PRODUCTS • PLANT • PROCESSES

### "Strongest Yarn"

**Celanese introduces tough fiber used in England for defense and industry here.**

IT MAY TAKE WEEKS and it may take months, but just as soon as Celanese Corp. of America can complete the installation of special machinery in a brand-new plant at Celco, Va., "the strongest yarn in the world" is going to be available to American industry, defense, and fashion.

In England, where this type of yarn has been synthesized for some time by British Celanese, Ltd., it is called "Fortisan," and is going into parachutes for the R.A.F. with such uniformly good results that it is likely to replace Japanese silk in parachutes for the United States Army Air Corps. Since it is three times as strong as natural silk, the British are using the new textile fiber for both the "umbrellas" and the cordage of their chutes.

Textile men who have seen the new material—which Celanese has not yet named for American consumption—describe it as a "strong acetate"; in other words, a cellulose acetate yarn, which by some undisclosed process (some say, "a stretch spinning process") takes on both "wet" and "dry" strengths claimed to be considerably in excess of any natural or synthetic fiber. Since it can be extruded and spun in practically any degree of fineness, it weaves into "sheers," like voiles and chiffons, so strong that it is next to impossible for a pair of feminine hands to tear them.

### Boon to Laundryman

Along with high wet and dry strength, comes good resistance to abrasion, which should make the material an answer to the laundryman's prayer for shirts that will not go to pieces in his washing machines and mangles. It can be dyed with practically any of the colors used for cotton, silk, or rayon—thus being unlike the "Celanese" now produced by Celanese which requires a special set of dyestuffs. The new yarn will be produced in both continuous filament and "spun staple" types, but for some time, it is stated, yarns will not be produced for hosiery.

As a matter of fact, the executives of Celanese expect practically all of the first production to be taken up entirely by defense and industry for use in such products as parachutes, high-strength cordage, powder bags, filter cloths, conveyor and transmission belting, and possibly tire cords.



"You can expect anything in the dairy business," muses Thos. H. McInnerney, president of National Dairy Products Corp., as he eyes a bottle of milk and a bottle of wine made from milk by his research chemists. The wine is fermented from whey, a byproduct of cheese making. Though still in the laboratory stage, and far from commercialization, it has already been made in two types, sherry and sauterne.

### Quick Concrete

**Fast-drying vacuum process used to speed wartime pillboxes or peacetime construction work.**

LAST WEEK a wide-eyed group of Philadelphia building contractors and engineers saw the comparatively new quick-drying, vacuum concrete process of Vacuum Concrete, Inc., put through its paces. A section of sidewalk was laid. Ten minutes later a man—and he was no lightweight either—walked across it without leaving appreciable footprints. A concrete arch was poured. Fifteen minutes later another man stood on it without breaking it down.

Object of Vacuum Concrete, which has recently moved from New York to Philadelphia and is ready to go after big construction business, was to show its new neighbors and potential customers what it has already done in Washington, New York, and other places. Just a few weeks ago it showed Army engineers in Washington how it could build a concrete "bomb-resisting pillbox," in five hours



(BW—Aug 3'40, p26). Last year it was helping to complete the capital's new Census Building in record time. Earlier in 1939, it had contributed to speedy construction of the floors in New York's big Red Hook housing project.

### Sucks Moisture from Concrete

Invented in 1936 by Karl Billner, Swedish-born engineer, the process vacuum-sucks moisture from concrete mixtures, leaving it firm enough for finishing work in from five to fifteen minutes, according to thickness. Business parts of the equipment required are one or more "mats," lines of hose, and a pump pulling a 15-25 in. vacuum.

A mat is a portable affair consisting of a plywood back, to give it stiffness, several layers of coarse and fine mesh screen, plus a layer of filter cloth to prevent the mix being sucked away. A rubber "washer" surrounds the mat to prevent air leakage. The concrete is poured, the mat applied, the pump started, and there is a surface strong enough to walk on. With excess moisture out of the way, the concrete sets several hours or days later, depending upon thickness, "mix," and character of cement used. For vertical work, like building walls, bridge abutments, what-have-you, the vacuum mats are used as forms for the concrete. (In a bridge job at New Haven, Conn., the mats were removed 20 minutes after the vacuum pump had done its stuff.)

## Noise-Abatement Week

Makers of acoustical material and "noiseless" machines to educate public on decibels.

THE NOISIER an office or factory, the busier and the more profitable it was once considered. But in the past 20 years noise has had a lot of scientific and commercial attention as a source of errors, inefficiency, and fatigue. Index of what is being done about it: One manufacturer sold 400,000 sq. ft. of sound-absorbent material in 1925, sold 10,900,000 sq. ft. in 1939. Originally sold to dampen echoes in auditoriums, the market for this material today extends through plant and office space to such applications as that of a large restaurant chain, which is systematically giving all of its dining rooms acoustical treatment.

Nowadays almost everybody knows the decibel as the measure of noise, but the companies which have quiet for sale believe there is room for more public education. Hence, five makers of acoustical material (Armstrong Cork, Celotex, Johns-Manville, National Gypsum, and U. S. Gypsum) are joining three makers of noise-reducing business equipment (Buffalo Forge, Remington Rand, and Underwood Elliott Fisher) to boost Noise Abatement Week, Oct. 21.

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## NEW PRODUCTS

### Aromatic Flag

OUT OVER THE SODA COUNTER flutters a flag announcing "extra special vanilla ice cream" and with it the fragrant and mouth-watering aroma of vanilla. Hudson Mfg. Co., 119 N. Union Ave., Chicago, which supplies flavoring extracts to ice



cream and food manufacturers, also furnishes them with "Blower Flags" for their customers. In the base is an electric fan and a vial of vanilla or chocolate or other aroma to be wafted about.

### Magnetic Movie Titler

ABOUT THREE YEARS AGO Quixet plastic-magnetic letters began to make signmaking easier (BW—May 1 '37, p.40). With improved materials, their stick-to-itiveness has been increased to a point where they can be applied over printed paper



backgrounds or photographs backed by a sheet of steel. Hamilton Dwight Co., 155 E. 54th St., New York, features the letters in the new Quixet Magnetic Movie Titler for black and white or color jobs.

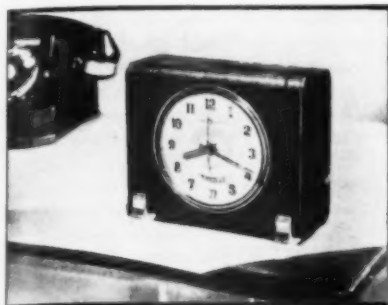
### Double-Purpose Heater

WHEN MORNINGS or evenings are chilly and a broad beam of heat is all that is needed, the new Everhot Ray-Vector (electric) Heater has 40 horizontal reflecting surfaces to do the work. If a

whole room needs warming and a circulating heater is required. Swartzbaugh Mfg. Co., Toledo, Ohio, makes it so that the flip of a damper in the heater's base converts it to that instantly.

### Calendar Desk Clock

NEWEST CANDIDATE for desk or table room is the "Almanac," a newcomer in



the 1941 G-E electric clock line which tells the time, the day of the week, and the day of the month. General Electric Co., Bridgeport, Conn., houses it in a mahogany-finished wood case 5½ in. high.

### Mirrored Photo Meter

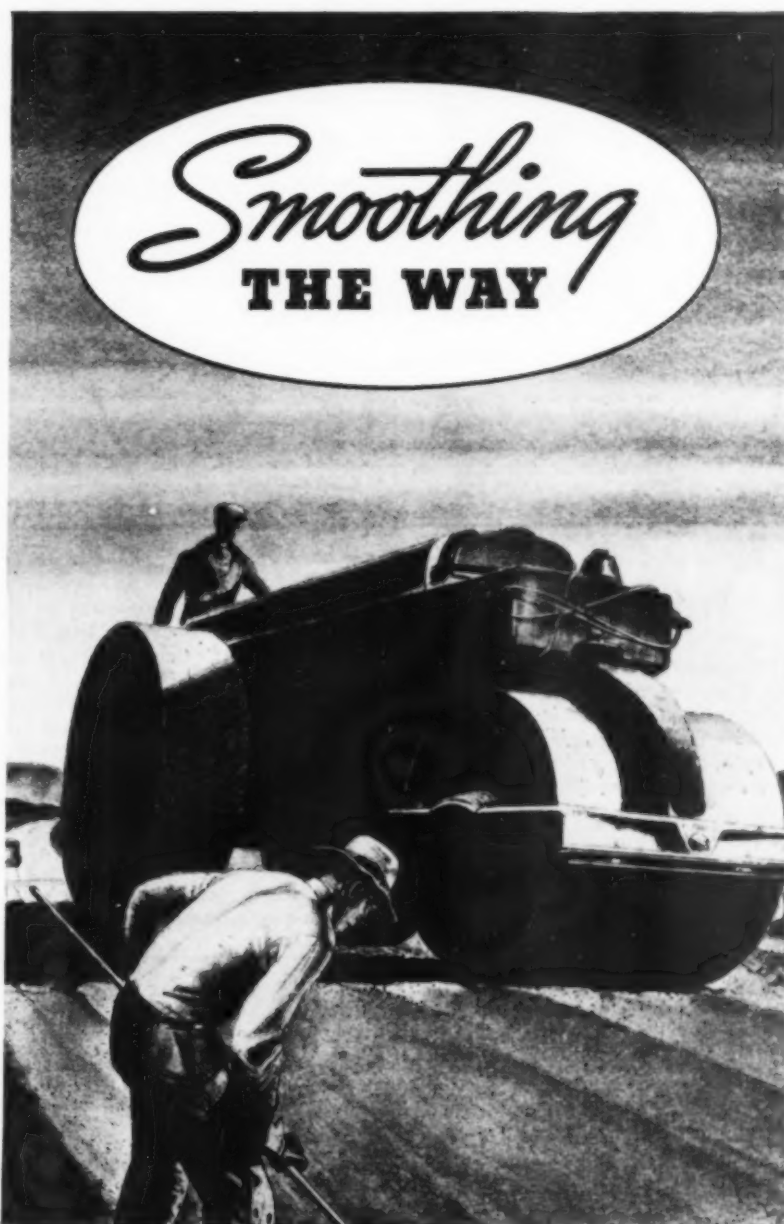
THE PUPIL or black spot in the eye varies in diameter with the amount of light falling upon it. Taking advantage of this, Monner Meter Co., Rapid City, S. D., has developed the inexpensive new Monner Exposure Meter consisting of a small hand mirror in a black Tenite plastic frame. Various sized black spots are superimposed on the mirror's face. Look at the object or scene to be photographed with one eye and at the same time compare the size of the pupil with the spots on the mirror. Read lens opening and shutter time directly from the spot matching it in size.

### Fire-Resistant Card Safe

WHETHER it is worse to lose a valuable business record by fire than to mislay it in a helter-skelter filing setup need not concern the executive user of the new Floor Model Safe-Kardex "60," for he will have insurance against both con-

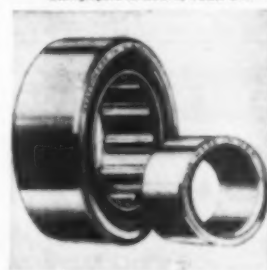


tingencies. Remington Rand, Inc., Buffalo, N. Y., makes it to house 1,254 visible record cards, insulates it to withstand an hour of intense fire, mounts it on rubber wheels for portability.



Lithographed on stone by James E. Allen

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Directors of General Foods Corporation, at a meeting held September 11, 1940, declared a quarterly dividend of \$1.12½ a share on the 150,000 outstanding shares of the company's \$4.50 Cumulative Preferred Stock. The dividend is payable November 1, 1940, to holders of record October 10, 1940.

\* \* \*

Among the products of General Foods are: Maxwell House Coffee—Jell-O—Post Toasties—Grape-Nuts—Grape-Nuts Flakes—Postum—Post's 40% Bran Flakes—Whole Bran Shreds—Baker's Premium Chocolate—Baker's Cocoa—Swans Down Cake Flour—Diamond Crystal Salt—Calumet Baking Powder—Baker's Coconut—Sanka Coffee—Kaffee Hag Coffee—Minute Tapioca—Log Cabin Syrup—Certo—La France—Satina—Birds Eye Frosted Foods.

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# MONEY AND THE MARKETS

FINANCE • SECURITIES • COMMODITIES

## Six-Hour Trading Day?

**Big Board says no, but Chicago stock exchange hopes to make a good thing out of it.**

CAN A STOCK EXCHANGE do more business in a six-hour day than it can in a five-hour session? That's a basic question and one which has been kicking around for a good many years. It comes up for serious consideration just about every time the markets go dead and brokers get their heads together over ways and means to cover their expenses.

Right now the New York and the Chicago stock exchanges are officially in disagreement on the answer, and for reasons which seem good and sufficient to the governors of both markets. New York has voted against extending the trading day to six hours but Chicago has approved an additional hour of dealings.

Paramount consideration of markets west of the eastern time belt is the possible benefit of remaining open for an hour or so after the close on the Big Board, and this appears to have been the deciding factor in Chicago. In the Windy City, the exchange opens at 9 o'clock in the morning to coincide with New York's 10 o'clock gong, and heretofore the close

has been at 2 P.M. to meet Gotham's 3 o'clock trading deadline.

Many times in the past Chicago has thought about remaining open for an hour after the New York close. For one thing, there often are news developments after 3 o'clock in New York which make traders itch to carry on for at least a few minutes after the close of the Big Board. Heretofore, the California markets have been the recipients of some such trading. And Chicago's desire for extra time is heightened by its successful campaign to add to its list prominent stocks whose primary market is on the Big Board.

## Chicago Drive Gets Results

Back at the beginning of 1938, the Chicago exchange listed 56 stocks which were also on the New York Stock Exchange. Result of an active drive to get more was the addition of an even 40 so-called Big Board stocks within the 12 months of 1938, and the group had grown to 105 by Jan. 1, 1940. Included are big names like American Telephone & Telegraph, Chrysler, General Motors, Goodyear, Pennsylvania Railroad, United Air Lines, and Western Union. During the last half of 1940 the exchange is waiving listing fees to attract still more.

The Chicago market has bid for busi-

## Wall Street Pickets



Wide World

The first picket line ever thrown around a Wall Street brokerage firm paced up and down at 40 Wall this week, picketing Newburger, Loeb & Co. in a protest against layoffs of union members. The demonstration

gave notice the dispute between the Bank & Brokerage Employees' Union (C.I.O.) and brokerage firms had not been settled by the labor group's narrow defeat in the recent NLRB election (BW-Aug31'40,p40).

ness—both in full lots and round lots—in these shares mostly because of a transfer tax advantage. Illinois doesn't impose any transfer tax on securities. Wall Street has fought for a lower transfer tax in New York, but hasn't gotten anywhere with the campaign.

Chicago's advantage on taxation may look bigger than it really is, however. New York's tax is applicable on any transfer of securities where the sole transfer agent is in New York State, no matter where the sale is consummated. No tax need be paid on a sale in Chicago if the stock is held in a street name (as

in a margin transaction) even though the sole transfer agent is in New York because no formal transfer takes place. The advantage also is gained in the 60 stocks which have transfer agents in Illinois as well as in New York or where an agent is available in a state which has no transfer tax.

Lengthening of the trading day in Chicago was designed to supplement this existing advantage. However, trading in Big Board stocks on markets in other cities is carried on very largely by means of the quotations made in New York. Members of the New York exchange

doubt that Gotham will lose any substantial volume of business after hours. They feel that the public will be reluctant to buy or sell when there are no Big Board prices as a value guide.

The request for a longer day on the New York Stock Exchange was advanced by about 75 member firms. The petitioners had their eyes on the Far West which feeds the Big Board about 15% of its orders. Anybody in San Francisco who wants to be around for the New York opening has to get to the office at 7 A.M. and he can't send an order to New York for execution after noon. In

## No More Tax-Exempt Bonds?

THAT OLD, OLD FIGHT to eliminate tax exemption on future issues of federal, state, and local bonds came before Congress again this week. For some years it has been a rare session indeed which didn't experience hearings on some measure of this character. Latest is that introduced by Michigan's Senator Prentiss M. Brown as a rider on the excess-profits tax bill.

This controversial plan is surrounded by politics, economic theory, taxation philosophy, and diverse opinions as to constitutionality. It never fails to arouse interested discussion among the fiscal officers of the political divisions involved, among investors, and among the underwriters of state and municipal bonds.

Coming up again at this particular juncture, the subject perhaps is entitled to more than usual popular attention. The federal government is faced with the necessity for raising vast sums for defense—much of it by means of borrowing rather than taxation—and sale of tax-exempt bonds is

mighty handy in keeping down the interest cost on such a program. To offset this interest-rate argument, advocates of eliminating tax exemption argue that their proposal will raise more tax revenues and reduce the need for borrowing.

In connection with national defense it also can be argued that ending of the tax-exemption feature of bonds will drive investment money out of tax-free hiding places and into productive enterprises.

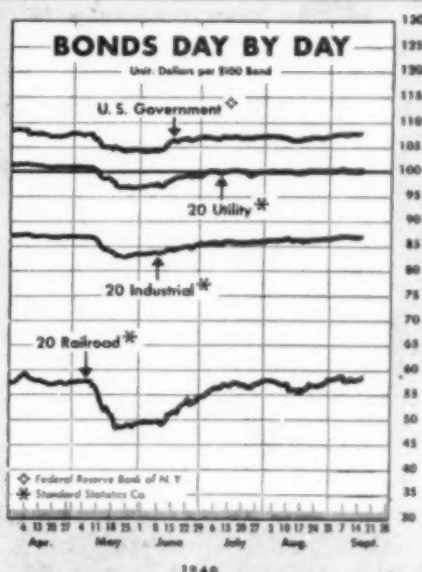
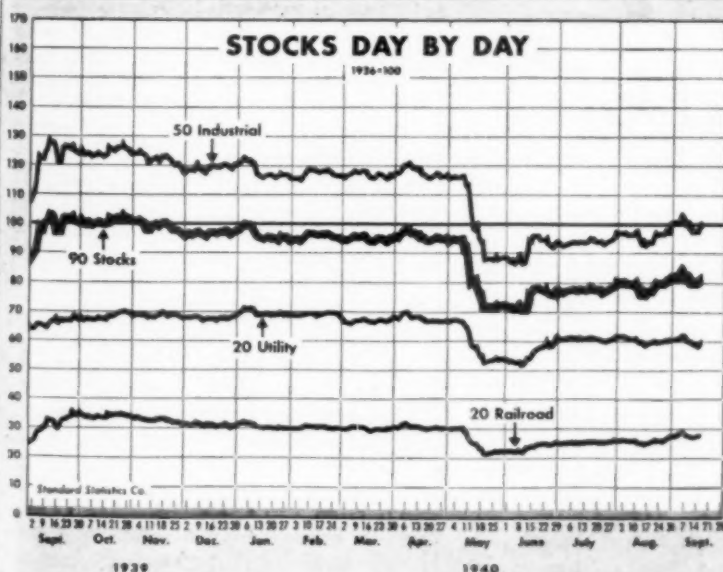
### Early Effect Would Be Weak

Yet there are strong reasons to doubt that the Brown amendment would have an early influence on defense preparations. Either as a revenue-raising measure or as a means of getting capital out of hiding, it will be weak for a long time. In the first place, it applies only to future issues; money now in tax-exempts can stay there and remain tax-free. In the second place, any such law would face certain delay in the courts as an in-

fringement of states' rights. And, in the third place, most present federal obligations provide exemption only from normal income taxes while taxes are imposed on income in the surtax brackets, inheritances, gifts, etc.

Emergency considerations aside, the idea of ending the tax exemption on federal, state, and municipal bonds is generally favored by tax experts. It has the advantage of producing added revenue for political divisions that impose income taxes, and it spreads the tax burden more equitably. The proposal long has been endorsed in theory by underwriters as represented by the Investment Bankers' Assn. But this group is committed to the theory that the change should not be brought about by act of Congress but by popular referendum on a constitutional amendment.

States and municipalities which do not levy income taxes are dead opposed because they would have to pay higher interest on bond borrowing without the exempt feature.



West Coast cities that stick to God's time when New York has switched to daylight savings, the Big Board opening comes at 6 A.M. and the close at 11.

A substantial slice of the New York houses felt that there would be more orders coming from the West if prospective traders were given an extra hour to get the sleep out of their eyes. The governors, although promising to keep the idea under observation, ruled that such trading would not be lost but rather that most of the orders would come along the next day just the same.

## Copper Deliveries Soar

HIGH RATE OF ACTIVITY in copper fabricating lines is further attested by the figures for August. Users in this country took delivery on 96,383 tons during the month, a figure never before duplicated in the seven years for which such statistics are available (although it may have been topped in the last five months of 1939 when separate monthly reports were not published).

These high deliveries, even though they don't precisely reflect consumption, came during a month when production of refined copper was falling to 80,851 tons in contrast with 90,995 in July. Thus deliveries of 96,383 tons plus exports of copper produced in this country of 1,561 tons resulted in a drop in accumulated copper stocks of 17,093 tons.

## South American Rush

**Big rail sale to Brazil is just one of many signs of rising trade levels.**

LAST WEEK'S 22,000-ton sale of rails to Brazil by Inland Steel Co. follows a pickup in Brazil's rail orders in this country which amounted to \$2,736,000 in the first nine months of the war, in comparison with \$1,227,000 in the comparable period a year earlier. As soon as the \$500,000,000 of Export-Import Bank credits become available, a number of large orders of this kind are expected to be released.

The rush of steel-company selling agents to South America during the last few months is based on a spectacular increase in business since the outbreak of the war. Every country is boosting purchases. In the Argentine, the unusual demand for steel products, copper, aluminum, and brass helps to explain the fact that, in the war period, machinery and automobiles have accounted for less than 40% of our business in contrast with the usual 60%.

Textile exports to Latin America have made remarkable gains, with both Britain and Germany out of the market, but in all of the larger countries there has also been a big demand for textile machinery.

The 20 Latin American republics have turned to the United States for everything from hops to locomotives. Orders during the first nine months of the war amounted to more than \$553,000,000, which was \$186,000,000 greater than in the same period a year earlier, bigger than any nine months in history (see table on page 47).

Biggest customer was Brazil, which bought \$86,046,000 of United States goods, but the biggest gain in trade was with Uruguay, which upped its purchases here nearly 200%.

## New Markets Opened Up

Wide-awake exporters are uncovering all kinds of new trade opportunities in Central and South America. The bituminous coal industry, for instance, is doing a tremendous business in Argentina, Brazil, and Chile, where Britain has been unable to maintain regular deliveries and high shipping rates from Europe have made it possible for the United States to compete in price.

Paper manufacturers have found big new markets in almost all countries which formerly bought from Scandinavia or Germany. Argentina, with a heavy demand for newsprint to supply its great daily papers, offers the biggest market. Brazil's purchases in this field have run to wood pulp for its rayon industry.

All of Latin America has had to turn to the United States for tinplate for its canning industry. Purchases are up 256%. Brazil alone boosted its orders from \$1,695,000 to \$4,812,000, while Argentine demand increased during the war from \$126,000 to \$3,713,000.

## Anti-Trust Milestone

**Canadian decision against "combine" sets price precedent, denies wartime exemption.**

OTTAWA (*Business Week Bureau*)—Last week 19 Canadian firms engaged in the manufacture of paperboard boxes were convicted of entering into a combination illegally restraining trade, and fined a total of \$161,000 by a decision of the Supreme Court of Ontario. The unequivocal language of the decision emphatically repudiates the opinion prevalent among Canadian businessmen since the beginning of the war last September that government prosecutions under the

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Combines Investigation Act would be soft-pedaled "for the duration."

Evidence of violations of the anti-combine laws is gathered by a permanent Dominion commission, provided for by the Investigation Act, and actual prosecution of cases is generally in the hands of the provincial governments. In this case, however, the Attorney-General of Ontario refused to prosecute on the basis of evidence submitted by the commission and the Dominion government carried the case through the Ontario Supreme Court.

### War Skyrockets Exports to Latin America

	Exports Sept., '39- May, '40 (000 omitted)	% rise from like '38-'39 period
Mexico .....	\$71,045	36
Textiles .....	3,441	65
Iron, steel prods. ....	3,766	75
Radios, parts .....	1,244	22
Oil refinery equip. ....	460	326
Automobiles, parts. ....	9,948	27
Tractors, parts .....	1,090	63
Chemicals .....	6,350	48
Lard .....	722	54
Cuba .....	\$71,195	27
Textiles .....	14,180	39
Bituminous coal .....	1,182	26
Glass containers .....	715	72
Iron, steel prods. ....	2,596	63
Radios, parts .....	549	22
Sewing machines .....	330	98
Automobiles, parts. ....	2,548	3
Chemicals .....	4,251	38
Argentina .....	\$81,657	70
Hops .....	182	18,100
Textiles .....	2,060	363
Paper, mfgs. ....	2,068	250
Bituminous coal .....	2,341	10,541
Iron, steel prods. ....	13,759	3,153
Refined copper .....	847	562
Radios and parts .....	1,068	1
Automobiles, parts. ....	15,043	20
Chemicals .....	6,789	141
Brazil .....	\$86,046	71
Textiles .....	780	85
Wood pulp .....	1,061	698
Bituminous coal .....	3,269	439
Iron, steel prods. ....	8,948	125
Elec. generators .....	1,350	578
Radios and parts .....	1,572	12
Locomotives .....	2,154	623
Air-conditioning eq. ....	190	265
Automobiles, parts. ....	12,805	25
Chemicals .....	5,852	210
Chile .....	\$30,001	83
Textiles .....	2,961	93
Bituminous coal .....	466	*
Iron, steel prods. ....	3,500	158
Radios, parts .....	468	7
Textile machinery .....	128	276
Automobiles, parts. ....	3,322	119
Chemicals .....	2,229	154
Colombia .....	\$42,618	20
Sugar, refined .....	283	5,560
Textiles .....	5,127	21
Iron, steel prods. ....	2,278	101
Radios, parts .....	514	9d
Textile machinery .....	815	68
Automobiles, parts. ....	3,540	34d
Chemicals .....	3,943	83

\* There were no exports of coal to Chile in 1938-1939 period. d—decrease.

Fines of \$10,000 each were levied on 13 of the container manufacturing firms involved. Five other firms were nicked for \$5,000, one for \$2,500, and one fine of \$4,000 was levied on the president of Container Materials, Ltd., a pricing and selling agency created by participating manufacturers.

Container Materials, Ltd., exercised virtually 100% control over the entire Canadian trade. By using deposits made by member companies when they entered the combination, and assessments made later, it succeeded in excluding competition, buying up new firms entering the field when it could not draw them into the combine. One competing company was purchased for \$86,000 with terms of the contract of sale stipulating that the company should not engage in the paper box industry for a period of five years.

Under the sales quota system, member firms were compensated out of the combine's funds for business denied them, and in turn, companies whose annual business exceeded quotas paid assessments ranging from 10% to 30% into the pool set up by the combine. Member firms paid out large sums to companies which did not sell up to quota but which refrained from cutting prices. One such company in 25 months received compensation equal to 84% of its average annual sales volume, and, during the period ending June, 1939, one company with sales exceeding the quota paid \$228,978 into the kitty.

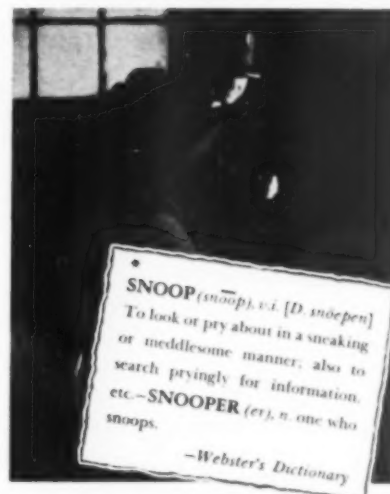
### The Manner, Not the Extent

One of the most important consequences of the decision lies in its clarification of the phrase, "to unreasonably enhance the price thereof," which is the heart of anti-combine legislation in Canada. One difficulty of prosecution in the past has been that of proving any given set of prices to be unreasonable. The Ontario court interprets the phrase to refer to the manner of enhancement—how the prices were fixed—rather than to the extent of the enhancement. Other trade combinations are thus put on notice to look to their techniques of co-operation no matter how "reasonable" prices may be in their industries.

### Lower Air Fares to Rio

BEGINNING OCT. 2, Pan American Airways' new four-engined Strato-Clippers will leave Miami for Rio de Janeiro three times weekly, carrying passengers at the lowest rates in the history of South American air travel. Regular round-trip fare is \$810, but from Oct. 2 to Dec. 31 cruise prices which include meals, guides, private cars, and hotels will start at \$650 for an 11-day cruise, \$750 for 18 days, and \$795 for 25 days. Designed primarily for tourist trade over a normally slack season, the new fast schedule (BW—Sep 7'40, p. 39) will interest business men with Latin American connections.

## What to do about the SNOOPER!\*



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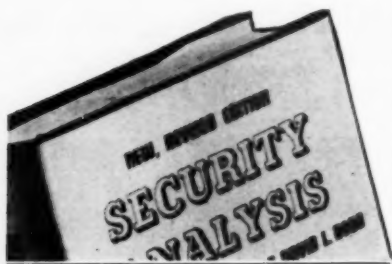
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## Big Wheat Crop Plagues Canada

Relief payments probably will be made against grain stored on farms. Difficulty in raising war loan may strengthen demand for coalition government.

OTTAWA (Business Week Bureau)—With the biggest wheat crop in history and with some of the Dominion's most important markets in Europe cut off by the war, handiest painkiller for Canada's splitting wheat-surplus headache is apparently going to be fat relief payments to farmers against grain which they will be forced to store as best they can on their own farms.

For more than a month, Ottawa officials have been dickering with bankers in an effort to induce them to finance the farmers through the winter by providing loans against stored wheat, but the banks have politely refused to shoulder the load. There is still a good deal of talk about trying to borrow \$50,000,000 in the United States to help finance the transaction, but whether this is possible or not, the government apparently is forced to assume the responsibility and will act soon.

Just when nobody wants it, Canada's wheat crop is threshing out in quantities likely to exceed the all-time record of 1928. The Dominion made provision some time ago to pay advances to growers on all wheat accepted for storage in terminal and prairie elevators, but with storage space half filled with the carry-over of some 300,000,000 bu., a big part of the new harvest is going to have to be held on the farms.

### "Streamlined" Credit Urged

The problem has already roused the inflationists. Out in wheat-growing Alberta province, Social Credit Premier Aberhart is again rousing the farmers with his schemes for a moneyless dream-economy which has been stymied for five years by court judgments and federal vetoes. He wants Ottawa to finance unsaleable wheat with "streamlined" credit in the shape of certificates issued against the nation's grain wealth. In the coming session of parliament, the Social Credit bloc in the Commons will provide the follow-up.

Ottawa has other headaches, too. The \$300,000,000 war loan which was issued more than a week ago was not subscribed without recourse in the final stages to teeth-pulling processes which were as painful to the treasury extractionists as to the patients. The 12-year issue bearing 3% interest sold 98.75 to yield 3.125%, and officials seemed surprised that spontaneous response was not enough to put it over with a bang. But they should not have been. There

is probably enough idle money on deposit in Dominion banks to take care of several such issues, but there are at least two main reasons why savings depositors did not rush in greater numbers to exchange 1½% bank interest for more than double that yield in the treasury's war loan:

### Amateurs Prove Inadequate

(1) The unskillful, unconvincing character of the loan publicity campaign. Ottawa's army of war publicity workers is now composed mainly of amateurs whose lack of specialized training showed up in the war-loan appeal. Also, the loan hit the Street while a lot of financial men were still away on vacation, or just getting back, and before they had a chance to do a proper organizing job such as they did for the first loan issued early this year.

The famine in new bond offerings since the last loan has pauperized bond houses in Montreal and Toronto. Many financial firms have reduced their staffs 50% and even 75% during the summer. These facts were not properly considered by the government-loan authorities, which accounts in part for the stickiness of the present issue.

(2) The unpopularity of the one-party government which the Prime Minister has insisted on maintaining even during the war emergency. The 40% of Canadian voters who feel they have no representation in Canada's war government include an even greater percentage of the people who have money available for support of war loans. A national coalition government would have less difficulty in putting over war loans and the experience of this loan will undoubtedly be used as an argument in another demand for a non-party war administration in control at Ottawa.

### Money from Americans

As matters stand now, loopholes in the United States neutrality law helped provide some subscriptions for the current loan. As Secretary Morgenthau explained last week, Americans are free to buy pre-war Canadian bonds, and some did that during the present loan drive, thereby releasing Canadian funds in Canada for the new loan. Two institutions, Investors Syndicate of Minneapolis and Teachers Insurance and Annuity Association of America, took up nearly half a million dollars worth of the pre-war obligations.

## Anglo-Argentine Deal

**U. S. worry over Latin crop surpluses will be lightened if British get loan to spend on food.**

WASHINGTON was not surprised this week when London asked the Argentine for a loan of \$20,000,000 to \$160,000,000 to be spent in the Argentine during this war for food supplies for the British. The negotiations have been going on for some time. Since the scheme will help reduce farm surpluses in one of the South American nations hardest hit by the war, the deal eventually will relieve the United States of a big share of the responsibility voluntarily assumed under the hemisphere economic program.

Britain is able to supply plenty of collateral to cover the loan, even if it runs to \$160,000,000. Nearly three-fourths of Argentina's extensive rail systems are owned in England, and the British hold large amounts of Argentine government bonds. In addition, private British capital has invested heavily in meat-packing plants, chemical and textile industries, and urban and rural real estate in Argentina, and Britain's wartime emergency powers give London the authority to commandeer and liquidate these investments if necessary.

It is easy to speculate on what Britain wants to buy. One of London's first great war orders placed last fall was for 200,000 tons of Argentine beef and mutton (*BW*—Oct 21 '39, p. 57), and in normal times Britain takes one-third of all the country's exports, with meat, hides, wool, corn, and wheat topping the list. Since British purchases annually amount to more than \$150,000,000, the entire loan may be absorbed within a year if the war continues.

What the deal means to business is still a matter of speculation among those thoroughly familiar with the Argentine economic picture.

### Headache for the Dominion

If London fills an important part of its wheat needs in Argentina, it will cut into British purchases in Canada, where a record harvest is choking granaries and causing Dominion authorities no end of worry about financing the carryover through the winter.

But if the British can fill their needs for wheat, corn, and meat in the Argentine, it will help Washington with one of its greatest problems. A part of the pending \$500,000,000 Export-Import Bank credit must be used to aid Latin American countries which have been deprived of normal export outlets in Europe, but Jesse Jones is known to be reluctant to make any loans on products which are competitive with United States farm surpluses.

What business is watching with special interest is whether or not Britain will

insist that whatever is paid to the Argentine now as a part of this special wartime deal will be earmarked for purchases in Britain—now or after the war, depending on when England can fill Argentine orders. Such a deal is not likely to be opposed in Washington now, though it follows exactly the dreaded Nazi pattern of trading in Latin America, which the hemisphere defense program is designed to forestall.

### BRIEFED FROM THE CABLES

BERLIN (Cable)—According to an optimistic official report on German food reserves, supplies are asserted to be secure for a war of indefinite duration. Preliminary estimates of this year's grain crops set the figure for all grains at a total of 24,600,000 tons, only 2% lower than the average from 1934 to 1938, but considerably lower than the 29,500,000-ton crop harvested in 1939. A claimed carryover of 6,200,000 tons of breadgrain from last year gives the implication that grain reserves have not as yet been touched. A satisfactory sugar-beet crop, part of which will be available for fodder to maintain livestock levels, and a 60,000,000-ton potato crop, the second largest in years, are also reported. Much of the success of this year's agricultural program is attributable to the extensive employment of war prisoners from occupied territories in forced farm labor.

Food rations for the next rationing period, which begins Sept. 22, leave total fat rations unchanged, but margarine production is again being resumed in 31 out of the Reich's 180 margarine factories, indicating that supplies of butter, which had been adequate for rationing requirements during the summer, have been depleted. The issuance of a 2½ oz. ration of coffee, obviously coming from captured Dutch stocks, gave the German people their first taste of real coffee since the outbreak of the war.

In contrast to the generally satisfactory food situation in the Reich proper, reports from occupied territories are increasingly ominous. Danish bread rations have been fixed at one-third below those of Germans, and the slaughter of Danish cattle and hogs is proceeding at an accelerated pace owing to the shortage of fodder.

OTTAWA (Business Week Bureau)—Sponsored news broadcasting is to be banned in Canada. Early next year news broadcasting will become the monopoly of government-controlled Canadian Broadcasting Corp. At present, news ready for the air is bought by CBC from Canadian Press and other news services. Next year it will adopt the British Broadcasting Corp. system and buy the complete services of the news agencies from which it will prepare its own news broadcasts.

LONDON (Cable)—Local authorities have been charged by the Housing Emergency Powers Act to interpret generously the obligation imposed by the act on each community to repair dwellings damaged by air raids. Expense of major repairs is

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borne by the locality where the property is situated, but temporary repairs, such as replacement of window glass and loose tiles, are chargeable to the owner of the property. Present plans call for no demands on property owners for payment for such temporary repairs until the end of the war, but the Treasury is considering a compulsory insurance scheme to spread risks of bomb damage.

The fall of France and loss of the Italian market has caused a 75% drop in export demand for coal. As a result, plans are under discussion to transfer idle miners from the export districts of South Wales and Durham to other coal fields. At the same time, an agreement has been reached for the pooling of domestic orders so that the demand may be spread over all producing districts. Opposition to this scheme has been expressed in districts which normally supply the home market, opponents pointing out that full productive efficiency can be secured only by concentrating output in areas nearest to consuming centers, rather than by allocating output in order to minimize unemployment in certain areas.

Moscow (Cable)—The first contingent of workers, numbering 1,100 out of some 40,000 recruited, have left the territories of Bessarabia and Bukovina, newly ceded by Rumania to Russia, for the coal-mining regions of the Don basin. They will join the thousands of Ukrainian workers who already have been absorbed in the mines of this area after being transplanted from Polish territory occupied by the Soviet last year. These mass transplantations have achieved the dual purpose of relieving overcrowding in poor agricultural districts of what was formerly Poland, and of augmenting the supply of workers for undermanned mines in the Donbas region. . . . THIS YEAR'S grain-harvesting schedules, lagging for a while behind last year's, have caught up to standards set then. The delay was due in part to the fact that crops in the Ukraine have been so heavy that transportation facilities have been strained.

TOKYO (Business Week Bureau)—The Borneo Petroleum Co., controlled by Japanese interests, after vainly prospecting for 10 years, has struck a worthwhile pool of oil, according to dispatches featured in the Japanese press. The company was founded in 1929, as a joint Dutch-Japanese enterprise. Controlling interest is held by Japanese oil firms, but the Dutch government has retained an option on the exploitation of pools which may be located. Though late, the oil strike is timely because, under present circumstances, the Dutch are hardly in a position to deprive the Japanese prospectors of the fruits of their decade-long labors.

RIO DE JANEIRO—Brazil's acute labor shortage is beginning to bring the anticipated complaints from business (BW—Jul 20 '40, p17). At Fordlandia, the 2,000,000-acre Ford rubber plantation is still developing slowly because of the lack of workers. The concession now employs about 7,500 laborers but could use double that number. The labor shortage throughout northern Brazil has brought protests to both the Brazilian Trade Council and the Federal Immigration Bureau.

## THE TRADING POST

### Business Woman

FOR A COUPLE of hours we had been threading the high places. Zig-zag up the eastern slope, with dizzier and dizzier views back to where we'd come from. A few minutes' pause in the pass itself, with long looks both ways to the high peaks of the divide. Then zig-zag down the western slope, catching up with the first faint trickles of what would become husky rivers rolling to the Pacific.

As we leveled off for the run down the valley, someone spoke of food. Yes, of course, it was past lunch-time. Who could have thought of it back up there? And just about then we first picked up Jeanne's signs. Quite modest they were, just a board now and then, nailed to a tree alongside the road. "Eat at Jeanne's Place," they said.

There were a lot of them. And by the time we rolled into the next town a few minutes later, we all were watching for Jeanne's place. It wasn't hard to find, for there wasn't much to the town. A few houses strung along the road—mostly one-story frame—with Jeanne's place sporting a sign out front, all but hidden behind a big red gas pump.

Inside, a lunch counter with half a dozen stools, and on the other side three or four booths. No other customers—it was late. In the back, wide open to view, with only a table between, was the kitchen. There one woman was busily at it, while another—tall, western, friendly, competent—waited for our orders.

As we made our bets, a delivery car stopped outside, the screen-door swung to admit the baker's driver. You could see the name on the car—he was from the next big town to the west.

"Hiya, Clara! what's for today?"

Clara had her order all pat. She knew her business, that gal. So many white, so many whole-wheat, so many rye, so many potato, so many cottage, so many buns, "and," she concluded, "take this back and tell 'em I haven't got the nerve to ask anyone a nickel for a bun like that!" She swept to the case behind the counter, yanked out a wizened brown bun and handed it over to the driver.

"Okay," he replied, "why don't you tell the boss? He's outside in the car."

"He is, eh? Well you send him in. I want to see him—it's the first chance I've had to talk business with him."

The driver went out and in a minute brought back an armful of loaves—and the boss. Clara was serving us now, but she turned and nodded to him.

"Did he tell you about those buns?"

"Oh, sure, that'll be all right."

"You bet it will," agreed Clara. "Now there's another thing. We're just getting

started here and we're going to do a good business—going to need a lot of bread. Now you got trucks to deliver that bread and you gotta have gas to run 'em. And I got gas to sell, see? And it ain't doing either of us a bit of good out there in those tanks. What do you say, eh?"

Well, the boss didn't know.

But Clara *did* know. "I've looked that up," she said, "and all you gotta do is sign a slip, see. And you know that, too—as well as I do. Now listen," she went on, "the Sunrise Bread people've been around here and they keep coming around. They want our business. See? And if we're going to buy your bread you'd better buy some of our gas."

"And another thing," she went on, "you got this boy working on such a tight schedule that he don't even have time to eat his lunch. That's all wrong. He oughtta have time to eat, and—"

"Aw gee, Clara, I often get lunch here —" broke in the driver.

"Rats!" she shot at him. "Sure you grab a sandwich and a coke, but that ain't enough for a hard-working lad like you. Besides we're running a rest'rant here and—"

They all laughed. The driver meanwhile had filled the day's order, and the two men started to leave.

"Now don't you forget," Clara called after them. "If you expect to keep on selling bread here, you'd better take a good look at those gas pumps out there. And you'd better fix it so that boy can get a meal here once in a while." She turned to us. "What'll you folks have for dessert?"

That deep, luscious, lemon-meringue pie, cooling off on the window-sill, looked awfully good; so we elected that.

"Too bad you didn't come sooner," said Clara. "We had a cherry pie today, too, but it looked so good some folks bought the whole pie and carried it off."

"Tell me," I asked her, "how long have you been running here?"

"Just two months," she replied. Then, a bit set up, "just about doubled the business, too."

I thought I could understand that.

"Got about all the two of us can do now. Going to need more help pretty quick."

"That's fine," I said. "We saw your signs along the road—quite a ways back. That's how we came to stop."

"Sure," said Clara, "that was the first thing we did when we took over—got out our advertising. After all, if you expect to get people's trade the advertising is the most important thing, ain't it?"

"Business," I remarked, as we got in the car, "is the word for Clara!" W.T.C.

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September 21, 1940

## New Division of Labor

“WITH THE ENTRANCE of the United States into the war the problem of labor became the paramount problem. The war industries, spurred on by war-time profits, staged a wild competition for labor.” Thus do America’s economic historians, their insights deepened by retrospect, pass judgment on America’s experience in 1918. The pre-war months, the war itself, and reconstruction, effected profound and far-reaching changes in the labor market.

Under the current stress of our vast defense effort, the processes of change, initiated in another generation, are accelerated and extended as the immediate needs of industry force labor into new molds. To man the work benches, first line of American defense, adjustments and reorganizations of labor supply will again transform the nation’s working population. The dynamics of potential shortages are already evoking new methods as industry casts about for devices to keep the labor bottleneck unstopped.

THE FORMULA WORKED OUT for dealing with the dangerous skilled-labor inadequacy that threatened to curtail operations at the great Frankford Arsenal in Philadelphia (*BW—Aug 24 '40, p. 32*) is expected to become a pattern widely copied. There, when it became evident that skilled machinists, lens grinders, and other categories of craftsmen were simply not in the job market, the work that skilled labor normally performed was rationalized and fractionalized into component parts that could be handled by semi-skilled workers. Personnel men and production engineers from Bausch & Lomb and Eastman Kodak met with arsenal superintendents on the special problem of lens grinding. After a short but intensive survey they were able to recommend to the arsenal new job controls that obviated the necessity of holding up production until thorough-paced lens grinders were found. Now the Civil Service Commission is revising its requirements in order that the arsenals and navy yards may hire “fractional craftsmen.”

In essence, the answer to this early and significant labor problem of the defense speed-up is being found in the extension of the assembly-line technique to sections of production which have hitherto been the protected domain of the craftsman. Occupations in which there are insufficient numbers of workers available, and for which long periods of apprenticeship are necessary, will, under the impact of expanded defense industry, be divided up among narrowly specialized hands whose training for their specialized jobs may be calculated in terms of months rather than years.

But such a fundamental transformation will not

come easily. The two groups—management and labor—which must evolve it if production is to be unimpeded have a vested interest in the *status quo*. Management is reluctant to change prevailing practices for what, at first sight appear to be more complicated and expensive methods. The powerful craft unions have built their organizations and offer their members protection through their rigid control of skilled labor supply. They may be expected to fight desperately to keep their craft prerogatives and to rule out any setup which threatens to destroy their bargaining power by liquidating their stock in trade.

THE LABOR SECTION of the Defense Commission, to which this whole problem belongs, will not rely solely on patriotism to furnish the motivation for such a basic changeover. Channing R. Dooley, on leave from Socony-Vacuum Oil Co. to act as Commissioner Sidney Hillman’s aide, is already at work convincing industry that intensive job specialization is not only inevitable but will be actually less expensive than the hectic competition for craftsmen that characterized America’s last experience with war production. He has drafted top industrial relations men to blueprint new job-organization plans for key industries.

On the labor front he is seeking “a fair shake” for the unions. His plan is to arrange with management to transfer a worker from one specialized job to another so that, in time, the workman can become a rounded craftsman through experience on all operational phases which a full-fledged journeyman would handle. The economic shortcomings of this system due to the inefficiency of the workman on the new job to which he is transferred would be countered by after-working-hours training to prepare him for the next operation. Thus craft rights would be protected by a new system of adult, in-service apprenticeship.

On the Defense Commission’s success in speeding the inevitable will in large measure depend the answer to the question of labor bottlenecks in defense.

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